

SENATE BILL 411

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

Craig W. Brandt

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO HIGHER EDUCATION; ENACTING THE PHYSICIAN LOAN REPAYMENT ACT; PROVIDING POWERS AND DUTIES; ESTABLISHING SELECTION CRITERIA AND ELIGIBILITY REQUIREMENTS; PROVIDING FOR CONTRACTS BETWEEN RECIPIENTS AND THE HIGHER EDUCATION DEPARTMENT; PROVIDING FOR RELEASE FROM CONTRACT OR RECOUPMENT; CREATING A FUND; PRESCRIBING A PENALTY ~~SFC~~; ~~MAKING AN~~ ~~APPROPRIATION~~ SFC .

.228610.2AIC March 12, 2025 (4:15pm)

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] SHORT TITLE.--This act may be cited as the "Physician Loan Repayment Act"."

SECTION 2. A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] DEFINITIONS.--As used in the Physician Loan Repayment Act:

- A. "department" means the higher education department;
- B. "physician" means a medical or osteopathic physician licensed under the Medical Practice Act;
- C. "loan" means a grant of money to defray the costs incidental to a recipient's education, under a contract between the federal government or a commercial lender and a recipient, requiring either repayment of principal and interest or repayment in services; and
- D. "recipient" means a physician selected to participate in the physician loan repayment program."

SECTION 3. A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] DEPARTMENT POWERS AND DUTIES--ELIGIBILITY REQUIREMENTS.--

- A. The department may grant an award to repay loans obtained for the educational expenses of a recipient upon such

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terms and conditions as may be imposed by rules of the department.

B. Applicants shall be licensed or certified to practice in New Mexico as physicians and shall be bona fide citizens and residents of the United States and of New Mexico. Applicants shall declare their intent to practice as physicians within designated health professional shortage areas of the state.

C. The department shall make a full and careful investigation of the ability, character and qualifications of each applicant and determine fitness to participate in the physician loan repayment program.

D. The department shall assist selected physicians in locating practice positions in designated health professional shortage areas."

SECTION 4. A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] AWARD CRITERIA--CONTRACT TERMS--PAYMENT.--

A. Prior to receiving an award, a recipient shall file with the department a declaration of intent to practice in areas of New Mexico designated as underserved by the department. The department shall consult with the department of health when designating areas as underserved.

B. Award criteria shall provide that:
(1) amounts are dependent upon the location

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and characteristics of the practice and the applicant's total medical school education indebtedness;

(2) preference in making awards shall be to individuals who have graduated from a New Mexico post-secondary educational institution;

(3) recruitment awards shall be made to eligible recipients who agree to relocate to an approved designated area;

(4) award amounts may be modified based upon available funding or other special circumstances;

(5) an award shall not exceed the total medical school education indebtedness of any recipient; and

(6) a recipient shall not receive an award for more than four years of service.

C. The following education debts are not eligible for repayment pursuant to the Physician Loan Repayment Act:

(1) amounts incurred as a result of participation in state loan-for-service programs or other state financial aid programs that require service to be provided in exchange for financial assistance;

(2) scholarships;

(3) personal loans from friends or relatives;

and

(4) loans that exceed individual standard school expense levels.

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D. The loan repayment award shall be evidenced by a contract between a recipient and the department acting on behalf of the state. The contract shall provide for the payment by the state of a stated sum to the recipient's debtors and shall state the obligations of the recipient under the program, including a minimum four-year period of service, quarterly reporting requirements and other policies established by the department.

E. Recipients shall serve a complete year in order to receive credit for that year. The annual award shall be established by the department but shall not exceed seventy-five thousand dollars (\$75,000), and the total award for four years of service shall not exceed three hundred thousand dollars (\$300,000).

F. If a recipient does not comply with the terms of the contract, the department shall assess a penalty of up to three times the amount of award disbursed plus eighteen percent interest, unless the department finds acceptable extenuating circumstances for why the recipient cannot serve or comply with the terms of the contract. If the department does not find acceptable extenuating circumstances for the recipient's failure to comply with the contract, the department shall require immediate repayment plus the amount of the penalty.

G. The department shall adopt rules to implement the provisions of this section. The rules may provide for the

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disbursement of loan repayment awards to the lenders of recipients in annual or other periodic installments."

SECTION 5. A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] RELEASE FROM CONTRACT--CONTRACT-- CANCELLATION--ENFORCEMENT.--

A. The department may cancel a contract made between the department and a recipient for the recipient's failure to comply with the provisions of the contract, the Physician Loan Repayment Act, rules promulgated in accordance with that act or any other reasonable cause deemed sufficient by the department.

B. The department shall release a recipient from the contract without penalty if:

(1) the recipient has completed the service requirements of the contract;

(2) the recipient is unable to complete the service requirements of the contract due to serious illness or disability; or

(3) the recipient demonstrates extreme hardship or other good cause to the department justifying the release from contract.

C. A decision not to release a recipient from the contract without penalty is a final agency decision and may be appealed to the district court as provided in Section 39-3-1.1

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NMSA 1978.

D. The department is vested with full and complete authority and power to sue in its own name for the balance due the state from any recipient on a loan repayment contract."

SECTION 6. A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] PHYSICIAN LOAN REPAYMENT FUND
CREATED.--The "physician loan repayment fund" is created as a nonreverting fund in the state treasury, consisting of income from investment of the fund and any specified distributions, appropriations, gifts, grants and donations to the fund. The fund shall be administered by the department, and money in the fund is appropriated to the department for the purposes of making awards to recipients who are in compliance with the recipients' contracts, the Physician Loan Repayment Act and rules promulgated in accordance with that act. Expenditures from the fund shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary of higher education or the secretary's authorized representative."

SECTION 7. A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] REPORTS.--The department shall make annual reports to the governor and the legislature prior to each regular legislative session of the department's activities,

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including cohort data and annual and total program data that show:

- A. the number and amount of awards given;
- B. the completion rate of recipients in the program, the number of recipients who completed the program and stayed in New Mexico and the number of those recipients who are practicing in a designated underserved area;
- C. the amounts repaid and amounts owed on educational loans and the total number and total amount of penalties assessed against recipients who left the program;
- D. the service locations of current and former recipients in New Mexico;
- E. for each designated underserved area in the state, the number of recipients who are serving or have served in the area and whether there are recipients who are not employed or not employed full time in the area; and
- F. other information determined by the department."

SFC → ~~SECTION 8. APPROPRIATION. -- Fifteen million dollars (\$15,000,000) is appropriated from the general fund to the physician loan repayment fund for expenditure in fiscal year 2026 and subsequent fiscal years to carry out the purposes of the fund. Any unexpended or unencumbered balance at the end of a fiscal year shall not revert to any other fund.~~ ← SFC