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## FISCAL IMPACT REPORT

**LAST UPDATED** \_\_\_\_\_  
**ORIGINAL DATE** 2/28/25

**SPONSOR** Gonzales

**BILL**

**SHORT TITLE** Recruit & Retain Rural Health Providers **NUMBER** Senate Bill 338

**ANALYST** Kludt

### APPROPRIATION\* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$5,000.0	Nonrecurring	General fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
DOH		\$100.0	\$100.0	\$200.0	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
 Department of Health (DOH)  
 Health Care Authority (HCA)

## SUMMARY

Senate Bill 338 (SB338) appropriates \$5 million from the general fund in fiscal years 2026 and 2027 to the Department of Health (DOH) for Health Service Corps to support the recruitment and retention of health care providers who treat rural or underserved populations or patients of Federally Qualified Health Centers (FQHCs). No more than \$200 thousand may be expended on administrative costs.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall revert to the general fund.

DOH reports the department would require one FTE and approximately \$100 thousand annually to implement this bill.

## **SIGNIFICANT ISSUES**

DOH reported struggles to provide adequate healthcare to its rural and underserved populations due to low population density and a shortage of medical providers. Many counties are designated as medically underserved areas. To address these challenges, the New Mexico Health Service Corps was established to recruit and retain healthcare professionals in rural areas. The program includes a stipend program, which provides financial support to medical and dental students in exchange for service in underserved communities, and a community practice site support program, which offers grants to healthcare facilities.

In FY15, the Health Service Corps had a budget of \$750 thousand. Following cuts in FY17, the budget was reduced to \$230 thousand for the stipend program, which now serves fewer participants. DOH notes that between FY21 and FY24, an average of seven participants per year received stipends, down from 27 in FY16.

New Mexico has 16 FQHCs and four FQHC look-alikes (community-based health care providers that meet the requirements of the health center program but do not receive funding) that operate over 200 clinics offering primary care services, including dental care, throughout the state.

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