

1 HOUSE BILL 512

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 Gail Armstrong and Alan T. Martinez and Tanya Mirabal Moya  
5 and Mark Duncan and Mark B. Murphy  
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10 AN ACT

11 RELATING TO HIGHER EDUCATION; ENACTING THE MEDICAL RESIDENCY  
12 LOAN REPAYMENT ACT; GRANTING LOAN REPAYMENT AWARDS TO CERTAIN  
13 MEDICAL RESIDENTS AND MEDICAL FELLOWS; PROVIDING FOR CONTRACTS,  
14 CONTRACT CANCELLATIONS AND CONTRACT ENFORCEMENT; CREATING A  
15 FUND; MAKING AN APPROPRIATION.  
16

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

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

20 "[NEW MATERIAL] SHORT TITLE.--This act may be cited as the  
21 "Medical Residency Loan Repayment Act".

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

24 "[NEW MATERIAL] DEFINITIONS.--As used in the Medical  
25 Residency Loan Repayment Act:

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- 1           A. "applicant" means a person applying for an  
2           award;
- 3           B. "award" means the grant of money to repay loans;
- 4           C. "department" means the higher education  
5           department;
- 6           D. "fund" means the medical residency loan  
7           repayment fund;
- 8           E. "loan" means a grant of money pursuant to a  
9           contract between a medical resident or a medical fellow and the  
10          federal government, the state government or a commercial lender  
11          to defray the costs incidental to an undergraduate or medical  
12          education and that requires either repayment of principal and  
13          interest or repayment in services;
- 14          F. "medical fellow" means an individual who has  
15          completed a medical fellowship in an institution of higher  
16          education in New Mexico;
- 17          G. "medical resident" means an individual who has  
18          completed a medical residency in an institution of higher  
19          education in New Mexico; and
- 20          H. "program" means the medical residency loan  
21          repayment program, which provides money to repay undergraduate  
22          education student loans and loans for medical training."

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

25           "NEW MATERIAL] POWERS AND DUTIES.--The department may:

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1           A. grant an award to repay loans obtained for  
2 undergraduate education and medical training obtained by a  
3 medical resident or medical fellow upon such terms and  
4 conditions as may be imposed by rule of the department; and

5           B. delegate to other agencies or contract for the  
6 performance of services required by the program."

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

9           "[NEW MATERIAL] AWARDS--CRITERIA--CONTRACT TERMS.--

10           A. An applicant shall have completed a medical  
11 residency or medical fellowship program before applying for an  
12 award and agreed to work as a physician in New Mexico for five  
13 consecutive years upon receiving an award.

14           B. Prior to receiving an award, a medical resident  
15 or medical fellow shall file an application with the department  
16 that meets the criteria established by rule of the department.

17           C. An award recipient shall certify on at least an  
18 annual basis the recipient's continued employment as a  
19 physician practicing medicine in New Mexico.

20           D. The following debts are not eligible for  
21 repayment pursuant to the Medical Residency Loan Repayment Act:

22                   (1) amounts incurred as a result of  
23 participation in state loan-for-service programs or other  
24 state programs the purposes of which state that service be  
25 provided in exchange for financial assistance;

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1 (2) scholarships that have a service component  
2 or obligation;

3 (3) personal loans from friends or relatives;

4 (4) loans that exceed individual standard  
5 school expense levels; and

6 (5) loans that are eligible for another state  
7 or federal loan repayment program.

8 E. Award criteria shall provide that:

9 (1) the applicant shall have graduated from a  
10 medical school accredited by the liaison committee on medical  
11 education or the commission on osteopathic college  
12 accreditation;

13 (2) the applicant shall be licensed to  
14 practice in New Mexico as a licensed physician;

15 (3) the applicant shall have completed a  
16 medical residency or post-residency fellowship program offered  
17 by a New Mexico medical school within the year prior to  
18 submitting the application;

19 (4) the applicant agrees to practice medicine  
20 in New Mexico for a minimum of five consecutive years upon  
21 receiving an award;

22 (5) award amounts may be modified based on  
23 available funding or other special circumstances; and

24 (6) an award for an approved applicant shall  
25 be in an annual amount to repay the applicant's loan

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1       indebtedness within three years.

2               F. Every loan repayment award shall be evidenced by  
3 a contract between the medical resident or medical fellow and  
4 the department on behalf of the state. The contract shall  
5 provide for the payment by the state of a stated sum to the  
6 medical resident's or medical fellow's federal government  
7 lender, state government lender or commercial lender and shall  
8 state the obligations of the medical resident or medical fellow  
9 under the program as established by the department.

10              G. A contract between a medical resident or medical  
11 fellow and the department shall provide that if the medical  
12 resident or medical fellow does not comply with the terms of  
13 the contract, the medical resident or medical fellow shall  
14 reimburse the department for all loan payments made on the  
15 medical resident's or medical fellow's behalf plus  
16 reasonable interest at a rate to be determined by the  
17 department unless the department finds acceptable extenuating  
18 circumstances for why the medical resident or medical fellow  
19 cannot serve or comply with the terms of the contract.

20              H. Awards shall be in the form of payments from the  
21 fund directly to the federal government lender, state  
22 government lender or commercial lender for a medical resident  
23 or medical fellow who has received the award and shall be  
24 considered a payment on behalf of the medical resident or  
25 medical fellow pursuant to the contract between the department

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1 and the medical resident or medical fellow. An award shall not  
2 obligate the state or the department to a medical resident's or  
3 medical fellow's lender for any other payment and shall not be  
4 considered to create any privity of contract between the state  
5 or the department and the lender.

6 I. The department shall adopt rules to implement  
7 the provisions of the Medical Residency Loan Repayment Act.

8 The rules:

9 (1) shall provide a procedure for determining  
10 the amount of the loan that will be repaid; and

11 (2) may provide for the disbursement of awards  
12 to the lender in annual or other periodic installments."

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

15 "[NEW MATERIAL] CONTRACTS--ENFORCEMENT--CANCELLATION.--

16 A. The general form of a contract required pursuant  
17 to the Medical Residency Loan Repayment Act shall be  
18 prepared and approved by the department's general counsel, and  
19 each contract shall be signed by the medical resident or  
20 medical fellow and the secretary of higher education or the  
21 secretary's authorized representative on behalf of the state.  
22 The department is vested with full and complete authority and  
23 power to sue in its own name for any balance due to the state  
24 from a medical resident or medical fellow under a loan  
25 repayment contract.

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1           B. The department may cancel a contract made  
2 between the department and a medical resident or medical fellow  
3 pursuant to the Medical Residency Loan Repayment Act for any  
4 reasonable cause deemed sufficient by the department."

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

7           "[NEW MATERIAL] MEDICAL RESIDENCY LOAN REPAYMENT  
8 FUND CREATED.--The "medical residency loan repayment fund" is  
9 created in the state treasury. The fund consists of  
10 appropriations, repayment of awards and interest received by  
11 the department, income from investment of the fund, gifts,  
12 grants and donations. The fund shall be administered by the  
13 department, and money in the fund is appropriated to the  
14 department to make awards pursuant to the Medical Residency  
15 Loan Repayment Act. Money in the fund at the end of a fiscal  
16 year shall not revert to any other fund. All payments for  
17 awards shall be made on warrants of the secretary of finance  
18 and administration pursuant to vouchers signed by the secretary  
19 of higher education or the secretary's authorized  
20 representative."

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

23           "[NEW MATERIAL] REPORTS.--The department shall submit  
24 annual reports to the governor and the legislature prior to  
25 each regular legislative session of the department's

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1 activities, the awards granted and the job title and duties of  
2 each loan recipient. The report shall also include any  
3 contract cancellations and enforcement actions the department  
4 has taken."

5 SECTION 8. APPROPRIATION.--Three million dollars  
6 (\$3,000,000) is appropriated from the general fund to the  
7 medical residency loan repayment fund for expenditure in fiscal  
8 year 2026 and subsequent fiscal years for the purposes of the  
9 medical residency loan repayment fund. Any unexpended or  
10 unencumbered balance remaining at the end of a fiscal year  
11 shall not revert to the general fund.

12 SECTION 9. EFFECTIVE DATE.--The effective date of the  
13 provisions of this act is July 1, 2025.