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SENATE BILL 411

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

INTRODUCED BY

Craig W. Brandt

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; MAKING AN
APPROPRIATION.

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:

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

3 A. "department" means the higher education
4 department;

5 B. "physician" means a medical or osteopathic
6 physician licensed under the Medical Practice Act;

7 C. "loan" means a grant of money to defray the
8 costs incidental to a recipient's education, under a contract
9 between the federal government or a commercial lender and a
10 recipient, requiring either repayment of principal and interest
11 or repayment in services; and

12 D. "recipient" means a physician selected to
13 participate in the physician loan repayment program."

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

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

18 A. The department may grant an award to repay loans
19 obtained for the educational expenses of a recipient upon such
20 terms and conditions as may be imposed by rules of the
21 department.

22 B. Applicants shall be licensed or certified to
23 practice in New Mexico as physicians and shall be bona fide
24 citizens and residents of the United States and of New Mexico.
25 Applicants shall declare their intent to practice as physicians

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1 within designated health professional shortage areas of the
2 state.

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

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

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

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

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

18 B. Award criteria shall provide that:

19 (1) amounts are dependent upon the location
20 and characteristics of the practice and the applicant's total
21 medical school education indebtedness;

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

25 (3) recruitment awards shall be made to

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1 eligible recipients who agree to relocate to an approved
2 designated area;

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

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

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

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

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

15 (2) scholarships;

16 (3) personal loans from friends or relatives;

17 and

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

20 D. The loan repayment award shall be evidenced by a
21 contract between a recipient and the department acting on
22 behalf of the state. The contract shall provide for the
23 payment by the state of a stated sum to the recipient's debtors
24 and shall state the obligations of the recipient under the
25 program, including a minimum four-year period of service,

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1 quarterly reporting requirements and other policies established
2 by the department.

3 E. Recipients shall serve a complete year in order
4 to receive credit for that year. The annual award shall be
5 established by the department but shall not exceed seventy-five
6 thousand dollars (\$75,000), and the total award for four years
7 of service shall not exceed three hundred thousand dollars
8 (\$300,000).

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

18 G. The department shall adopt rules to implement
19 the provisions of this section. The rules may provide for the
20 disbursement of loan repayment awards to the lenders of
21 recipients in annual or other periodic installments."

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

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

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

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

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

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

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

17 C. A decision not to release a recipient from the
18 contract without penalty is a final agency decision and may be
19 appealed to the district court as provided in Section 39-3-1.1
20 NMSA 1978.

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

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

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1 "[NEW MATERIAL] PHYSICIAN LOAN REPAYMENT FUND

2 CREATED.--The "physician loan repayment fund" is created as a
3 nonreverting fund in the state treasury, consisting of income
4 from investment of the fund and any specified distributions,
5 appropriations, gifts, grants and donations to the fund. The
6 fund shall be administered by the department, and money in
7 the fund is appropriated to the department for the purposes of
8 making awards to recipients who are in compliance with the
9 recipients' contracts, the Physician Loan Repayment Act and
10 rules promulgated in accordance with that act. Expenditures
11 from the fund shall be by warrant of the secretary of finance
12 and administration pursuant to vouchers signed by the secretary
13 of higher education or the secretary's authorized
14 representative."

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

17 "[NEW MATERIAL] REPORTS.--The department shall make annual
18 reports to the governor and the legislature prior to each
19 regular legislative session of the department's activities,
20 including cohort data and annual and total program data that
21 show:

22 A. the number and amount of awards given;

23 B. the completion rate of recipients in the
24 program, the number of recipients who completed the program and
25 stayed in New Mexico and the number of those recipients who are

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- 1 practicing in a designated underserved area;
- 2 C. the amounts repaid and amounts owed on
- 3 educational loans and the total number and total amount of
- 4 penalties assessed against recipients who left the program;
- 5 D. the service locations of current and former
- 6 recipients in New Mexico;
- 7 E. for each designated underserved area in the
- 8 state, the number of recipients who are serving or have served
- 9 in the area and whether there are recipients who are not
- 10 employed or not employed full time in the area; and
- 11 F. other information determined by the department."

12 SECTION 8. APPROPRIATION.--Fifteen million dollars
13 (\$15,000,000) is appropriated from the general fund to the
14 physician loan repayment fund for expenditure in fiscal year
15 2026 and subsequent fiscal years to carry out the purposes of
16 the fund. Any unexpended or unencumbered balance at the end of
17 a fiscal year shall not revert to any other fund.