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FISCAL IMPACT REPORT

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| SPONSOR <u>Brandt</u> | LAST UPDATED _____ |
| | ORIGINAL DATE <u>2/20/2025</u> |
| SHORT TITLE <u>Physician Loan Repayment Act</u> | BILL NUMBER <u>Senate Bill 411</u> |
| | ANALYST <u>Jorgensen</u> |

APPROPRIATION* (dollars in thousands)

| FY25 | FY26 | Recurring or Nonrecurring | Fund Affected |
|------|------------|---------------------------|---------------|
| | \$15,000.0 | Recurring | 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 |
|----------------|------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------|
| HED | No fiscal impact | Indeterminate but minimal | Indeterminate but minimal | Indeterminate but minimal | Recurring | General Fund |
| Total | No fiscal impact | Indeterminate but minimal | Indeterminate but minimal | Indeterminate but minimal | Recurring | General Fund |

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

Relates to an appropriation in the General Appropriation Act

Sources of Information

LFC Files

Agency Analysis Received From
 Department of Health (DOH)
 Higher Education Department (HED)
 University of New Mexico (UNM)

SUMMARY

Synopsis of Senate Bill 411

Senate Bill 411 (SB411) creates the Physician Loan Repayment Act to provide loan assistance of \$75 thousand per year for a maximum of 4 years for physicians practicing in designated professional shortage areas. The Higher Education Department (HED) shall administer the loan repayment program and determine loan amounts based on the location and characteristics of the medical practice and the applicant's total indebtedness. SB411 creates the physician loan repayment fund and appropriates \$15 million from the general fund for expenditure in fiscal year 2026 and subsequent fiscal years.

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 \$15 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to another fund.

SB411 will require HED to develop and promulgate rules related to the new program and to administer the fund. While this will require additional staff time, because the physician loan repayment program is largely similar to the existing health professional loan repayment program, the impact on HED is likely to be minimal as reflected in the estimated additional operating budget impact table.

SIGNIFICANT ISSUES

Thirty of 33 counties in New Mexico are designated health professional shortage areas.

DOH reports:

SB411 specifies that a physician needs to be working in an underserved area, but further clarification is needed regarding what qualifies as an “underserved” area. The term “underserved” broadly refers to communities or groups lacking sufficient resources or services to meet their needs. In contrast, Health Professional Shortage Areas (HPSA) are designated by the Federal Health Resources and Services Administration (HRSA) based on shortages of primary care, mental health, or dental care. These shortages can apply to geographic regions, specific populations, or healthcare facilities. For example, Federally Qualified Health Centers (FQHCs) provide medical, dental, and behavioral health services *to* underserved populations, yet they are not always located in designated underserved geographic areas.

HED currently administers the health professional loan repayment program, which provides loan repayment for medical professionals in various fields. The loan repayment provides up to \$25 thousand per year for a 3-year loan cycle for a total award of up to \$75 thousand. A health professional may apply for multiple loan cycle awards. HED reports “In FY25, NMHED awarded 512 new awards in all health care disciplines as defined under the act. Of those awards NMHED awarded 75 physicians in primary care.”

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The General Appropriation Act as passed by the House Appropriations and Finance Committee includes \$20 million for the health professional loan repayment program.

CJ/hj/SR