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## FISCAL IMPACT REPORT

SPONSOR Zimmerman ORIGINAL DATE 2/4/16  
LAST UPDATED \_\_\_\_\_ HB 306  
SHORT TITLE Student Loans For Certain Health Degrees SB \_\_\_\_\_  
ANALYST Chilton

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	None		Medical and Osteopathic Student Loan for Service Fund

Conflicts in part with HB 103.

### **SOURCES OF INFORMATION**

#### Responses Received From

University of New Mexico (UNM)  
Higher Education Department (HED)

#### Responses Not Received From:

Department of Health (DOH)  
New Mexico State University (NMSU)

### **SUMMARY**

#### Synopsis of Bill

This bill amends Section 21-22 NMSA 1978 to add “and osteopathic” in all instances where “medical” is in place, both when referring to students and to educational institutions. It therefore would grant loans to students in both allopathic medical schools (programs leading to an M.D. degree) and osteopathic students (programs leading to a D.O.) who agree to serve in health care provider shortage areas in New Mexico after graduation.

### **FISCAL IMPLICATIONS**

No appropriation is made in this bill. Currently, as noted by HED, \$450,000 is allocated for medical school loan for service programs, and at present, 18 students are receiving loans for future service in healthcare provider shortage areas. If this bill is passed and no additional appropriation is made (as HB 103 would do), allopathic and osteopathic medical students would compete for this constant sum of loan money.

## SIGNIFICANT ISSUES

It is clear from multiple sources that New Mexico is currently in a shortage situation regarding primary care medical providers throughout the state, but especially in rural areas and in resource-poor sections of almost all counties in New Mexico. The New Mexico Healthcare Workforce Committee states that “without redistributing the current workforce, New Mexico is below national benchmarks by 145 PCPs, 197 CNPs/CNSs, 136 PAs, 43 Ob/Gyn, 18 general surgeons, 109 psychiatrists, 73 dentists and 299 pharmacists,” and continues reinforcing the severity of the situation by noting that the average age of New Mexico physicians is greater than in any other state, suggesting that the problem will become worse as New Mexico physicians retire. It is this situation that leads to the term “emergency” noted in HB 306, and it is this emergency that may be ameliorated to some degree by supporting both allopathic and osteopathic physicians and physician assistants in their years of education as long as they are willing to practice later in healthcare professional shortage areas.

Section 21-22 contains language applying currently only to allopathic medical students, who are to be considered for scholarship aid if willing to serve in a designated medical shortage area and attending an allopathic medical school: “The commission [department] shall only receive, pass upon and allow or disallow those applications for loans made by those students enrolled or accepted by colleges of medicine”,

This appears to imply that students residing in New Mexico would be eligible for consideration for such scholarship help at whichever (allopathic) medical school they had been admitted. However, the website of HED indicates ([http://www.hed.state.nm.us/students/medical\\_ifs.aspx](http://www.hed.state.nm.us/students/medical_ifs.aspx)) that students could be considered eligible for such scholarships if they were New Mexico Resident (12 consecutive months) and “official[ly] accept[ed] into the UNM School of Medicine.” Without further clarification, it is not certain whether osteopathic students would be eligible for loans for service if attending any osteopathic school (as it appears in statute) or attending only an osteopathic school in New Mexico (as stated on the HED website and in policy (5.7.2.7E.(2) NMAC) regarding to allopathic medical students.

Although the Medical Student Loan-for-Service Act allows for awards to students from any medical school, the Higher Education Department has adopted a policy (5.7.2.7E.(2) NMAC) to give preference to students from the University of New Mexico School of Medicine (UNM SOM). The department indicates that because of this UNM SOM preference, and because the applicant pool always exceeds the annual allocation for the program, all recipients in the Medical Student Loan-for-Service program are UNM SOM students. Therefore, the language in HB 103 restricting loans to students at the Burrell School of Osteopathic Medicine comports with the administration of loans to allopathic medical students willing to commit to service in health care professional shortage areas.

HED notes that “The Burrell College of Osteopathic Medicine (BCOM) at New Mexico State University is one of the newest medical colleges in the United States. BCOM is a private and free-standing college that is not a part of New Mexico State University (NMSU). The 2016-2017 academic year tuition, fees and supplies are set at \$49,975 according to BCOM’s website.”

**CONFLICTS** in part with HB 103, which appropriates funds for the Osteopathic Loan for Service program currently authorized under NMSA Section 21-22A, but for which no appropriations have recently been made.

**TECHNICAL ISSUES**

The short title of this bill is “Osteopathic Student Loans for Service”, while the bill makes changes to a section in statute entitled “Medical Student Loan for Service Act,” retitling it “Medical and Osteopathic Student Loan for Service Act.”

Throughout HB 306, “medical” and “osteopathic” occur together in the legislative language, related both to schools and to students. It appears that students at both types of institutions would be eligible for these loans for future service. Currently, the two types of programs are authorized separately in statute (New Mexico Statutes Annotated 1978 21-22 and 21-22A, respectively). This bill makes a number of additions to Section 21-22, adding “osteopathic” to “medical” in all instances. It does not propose making changes to Section 21-22A, and it is not clear what would then be done with Section 21-22A.

**ADMINISTRATIVE IMPLICATIONS**

HED Financial Aid Division would track and maintain recipients’ payment obligations.

**ALTERNATIVES**

Funding the existing osteopathic medical student medical loan program under current legislation, which would limit loans to New Mexico residents, but not only to students at the osteopathic medical school in New Mexico which will open this year.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

There would be no incentive given for osteopathic medical school graduates to practice in a New Mexico health professional shortage area, unless HB 103 were enacted.

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