

LFC Requestor: KLUNDT, Kelly

2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: Senate
Number: 270

Category: Bill
Type: Introduced

Date (of THIS analysis): 2/4/2025

Sponsor(s): Linda M. López, Shannon D. Pinto, Antoinette Sedillo Lopez, and Martin Hickey

Short Title: Federally Qualified Health Center Operations

Reviewing Agency: Agency 665 - Department of Health

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 25	FY 26		
\$0	\$500,000	Nonrecurring	General Fund

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
\$0	\$0	\$0	N/A	N/A

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 25	FY 26	FY 27	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	\$0	\$95.953	\$95.953	\$191.906	Recurring	General

The proposed legislation does not include any appropriation for the DOH administrative support for the FQHC

Operations, a Full-Time Equivalent (FTE) position would be necessary. Pay Band 65 - \$29.99/hr. x 2080 hours x 0.4395 = \$89,803 + Office Setup \$6,150 = \$95,953 (2080 hours are the standard full-time hours per year).

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

Senate Bill 270 (SB270) proposes to make an appropriation of five hundred million dollars (\$500,000,000) to the Department of Health (DOH) for fiscal year 2026 to support the operations of federally qualified health care centers in New Mexico.

Any unexpended funds would revert to the general fund at the end of fiscal year 2026.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

Federally Qualified Health Centers (FQHCs) are a type of primary care provider designated by the United States Health Resources and Services Administration (HRSA) and certified by the United States Centers for Medicare & Medicaid Services (CMS), ([Rural Health Information Hub, 2025](#)). FQHCs play a central role in protecting and promoting the health of New Mexicans in rural and frontier areas as well as underserved communities in urban areas.

FQHCs:

- Provide a set of comprehensive, high-quality primary care and preventive services regardless of patients' ability to pay.
- Employ interdisciplinary teams and patient-centric approaches.
- Deliver care coordination and other enabling services that facilitate access to care.
- Collaborate with other providers and programs to improve access to care and community resources.
- Are community-based and patient-directed, with a patient-majority governing board ([Rural Health Information Hub, 2025](#)).

In New Mexico there are currently 16 FQHCs and 4 FQHC look-alikes (LALs), which are programs that meet the requirements for a Federal Health Center Program but do not receive federal funds. There are over 200 clinics offering primary care services, including dental care, throughout the state. SB270 would provide financial resources to these safety-net providers and ensure access to care for New Mexicans.

There are several significant issues in the proposed bill:

- SB270 does not specify if the appropriation could go to LALs as well as FQHCs. LALs provide the same access to primary care as FQHCs, have been designated by HRSA as meeting all the Health Center Program requirements, but **do not** typically receive award funding under the Federal Health Center Program. Without specifically mentioning LALs in the bill's language, it is possible these primary care providers would not receive any of the proposed appropriation.
- SB270 proposes the use of the funds is for operations only. It may be useful to clarify if capital expenditures are to be permitted. A careful clarification of allowable capital expenses should be included. Many clinics could use capital support as well.
- The proposed distribution/allocation of funds is not specified. It would be useful to indicate some specific use of the funds, possibly similar to the language used in the RPHCA 7.29.3 NMAC. It will be challenging to determine the relative amounts of the annual drawdown that should be provided to each FQHC. A purely equal distribution could potentially overfund small centers and underfund large systems. A financial needs-based distribution could be specified. Note that financial needs for current levels of operations are different than financial needs for planned expansion. The bill language should indicate whether funds can be used for both current and expanded levels of operation, and possibly the amount of funds going to each purpose.
- SB270 does not specify if the appropriation could be granted to school-based health centers that are operated by FQHCs. A significant portion of the FQHCs operating in New Mexico have at least one school-based health center. Since school-based health centers are also supported by DOH funding through the Office of School and Adolescent Health, it would lessen confusion and increase efficiency if SB270 had more specific guidelines for eligible entities to receive funding. Alternatively, language granting authority to a specific program within the DOH, such as the Office of Primary Care and Rural Health, to determine eligibility would also lessen confusion and increase efficiency.
- Currently, the [Office of Primary Care and Rural Health \(OPCRH\)](#) has established funding mechanisms for community-based primary care clinics through RPHCA 7.29.3 NMAC. Through this fund mechanism several, but not all FQHCs and LALs, are granted partial funding for operations and provider recruitment and retention. With a significant expansion in available funds, additional administrative support to oversee contracts will be required (this is included above, in the fiscal impact table).
- Under proposed language, the appropriation must be sent in a single fiscal year for operations. It is unlikely FQHCs could spend this amount of funding within a single year, likely leading to significant reversion of funds. Providing language that directs the expenditure of funds over a 2 or 3 year period is preferable to ensure utilization by the clinics needing this support.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?

Yes No

The Office of Primary Care and Rural Health has established contracts and funding processes for FQHCs and LALs through the RPHCA 7.29.3 NMAC program. If SB270 were to be passed, there would be an increased administrative contract monitoring workload.

- Is this proposal related to the NMDOH Strategic Plan? Yes No

Goal 1: We expand equitable access to services for all New Mexicans

Goal 2: We ensure safety in New Mexico healthcare environments

Goal 3: We improve health status for all New Mexicans

Goal 4: We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?

Yes No N/A

- If there is an appropriation, is it included in the LFC Budget Request?

Yes No N/A

- Does this bill have a fiscal impact on NMDOH? Yes No

The proposed legislation does not include any appropriation for DOH administrative support. A Full-Time Equivalent (FTE) position would be necessary. Pay Band 65 - \$29.99/hr. x 2080 hours x 0.4395 = \$89,803 + Office Setup \$6,150 = \$95,953 (2080 hours are the standard full-time hours per year).

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? Yes No

The Office of Primary Care and Rural Health has established contracts and funding processes for FQHCs and LALs through the RPHCA 7.29.3 NMAC program. If SB270 were to be passed, there would be an increased administrative implication for contract monitoring workload.

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

None.

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

- SB270 mentions that \$500,000,000 will be appropriated to “*federally qualified health care centers*” (in lines 13 and 19). The appropriate terminology is Federally Qualified Health Centers—without the word “care”. This analysis was completed on the assumption that the bill writers were discussing Federally Qualified Health Centers.
- In specifying the use of the funds, more specificity is likely needed. The current language reads “to support the operations of federally qualified health care centers”. This is vague and could include many types of non-health care or non-primary care operations. It would be useful to utilize a more specific definition, possibly the definition used in RPHCA 7.29.3 NMAC.

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? Yes No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? Yes No
- Does this bill conflict with federal grant requirements or associated regulations?
 Yes No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? Yes No

8. DISPARITIES ISSUES

FQHCs are important safety net providers in rural areas. FQHCs are outpatient clinics that qualify for specific reimbursement systems under Medicare and Medicaid. They include Health Center Program award recipients and look-alikes, and certain outpatient clinics associated with tribal organizations ([Rural Health Information Hub, 2025](#)).

Over 9.7 million rural residents were served by HRSA-funded health centers in 2023, according to the Health Resources and Services Administration (HRSA).

FQHCs are committed to serving all residents of New Mexico regardless of their ability to pay, whether they are uninsured, underinsured, or insured by Medicare or Medicaid. 80% of FQHCs are in rural areas and they are often the only place to receive preventative medical and dental care services in rural and frontier areas ([New Mexico Primary Care Association \(NMPCA\), n.d.](#)).

<p>New Mexico Health Centers Currently Serve:</p> <ul style="list-style-type: none"> • Over 331,000 patients • 20,000 migrant/seasonal farmworkers • 17,262 unhoused patients • 18,934 school-based patients • 6,596 Veteran patients • 141,808 behavioral health patients 	<p>In 2023, New Mexico Health Centers Provided:</p> <table border="0"> <tbody> <tr> <td>Medical Visits</td> <td>815,488</td> </tr> <tr> <td>Dental Visits</td> <td>218,046</td> </tr> <tr> <td>Behavioral Health & Substance Use Disorder</td> <td>400,163</td> </tr> <tr> <td>Health Ed./Case mgmt.</td> <td>101,897</td> </tr> <tr> <td>Vision and Other</td> <td>14,112</td> </tr> <tr> <td>TOTAL</td> <td>1,549,706</td> </tr> </tbody> </table>	Medical Visits	815,488	Dental Visits	218,046	Behavioral Health & Substance Use Disorder	400,163	Health Ed./Case mgmt.	101,897	Vision and Other	14,112	TOTAL	1,549,706
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<p>Data provided courtesy of NMPCA</p>													

SB270 would improve health equity for New Mexicans by ensuring FQHCs have continued financial resources necessary for operating their more than 200 clinics.

9. HEALTH IMPACT(S)

Over 331,000 New Mexicans access affordable, quality primary care through FQHCs. The patient-centered care model at FQHCs leads to better health outcomes, better quality of life, and increased access to primary care. Affordable preventative medicine saves lives by catching potentially deadly diseases early. Furthermore, when New Mexicans are healthy, they miss fewer days of school or work to take care of themselves or their families, which means a robust workforce and thriving economy for the entire state.

FQHCs are also a main driver for healthcare provider recruitment and retention in the state. Their unique status gives them access to national and international providers through programs such as the National Health Service Corps, the J-1 Visa Waiver Program and others. According to [Whelihan and colleagues \(2022\)](#), staff at Health Centers, including FQHCs, are highly satisfied with their work experience. Without solvent FQHCs, New Mexico's health care workforce would be significantly impacted.

SB270 would enable the FQHCs to continue to employ thousands of skilled health professionals and auxiliary personnel and sustain access to care for their patients. The public's health outcomes depend a great deal on the ability to access affordable, high-quality healthcare. Without optimally operating FQHCs, rural, frontier, and vulnerable populations such as migrants and unhoused New Mexicans will suffer from more frequent illness, death, and disability.

10. ALTERNATIVES

- SB270 proposes to appropriate \$500,000,000 to be spent by FQHCs in a single year. It is likely not feasible for this amount to be spent by FQHCs in a single year. An alternative approach would be to establish an endowment fund. If this appropriation were to be established as an endowment fund, a drawdown amount should be specified – for example, the drawdown could be specified as proceeds from investments in the previous fiscal year. Of particular importance would be to establish whether the corpus – original investment amount – can be utilized in any subsequent year.

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If SB270 is not enacted, then \$500,000,000 will not be appropriated from the general fund for the purpose of supporting operations of federally qualified health care centers.

12. AMENDMENTS

None.