**LFC Requestor:** Self Assigned

**2025 LEGISLATIVE SESSION**
**AGENCY BILL ANALYSIS**

## Section I: General

**Chamber:** Senate
**Category:** Bill
**Number:** 338
**Type:** Introduced

**Date** (of **THIS** analysis)**:** 02/11/2025
**Sponsor(s):** Roberto "Bobby" J. Gonzales
**Short Title:** Recruit & Retain Rural Health Workers

**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 | $5,000 | Recurring | General |
| | | | |

**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 | $99,953 | $99,953 | $199,906 | Recurring | General |
| | | | | | | |

It is unclear if the proposed appropriation of $200,000 would be 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 + Rent $4,000 = $99,953 (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 338 (SB338) would appropriate five million dollars ($5,000,000) from the general fund in fiscal years 2026 and 2027, to the Department of Health (DOH)'s New Mexico Health Service Corps (NMHSC) to support the recruitment and retention of health care providers who treat rural or underserved populations or patients of Federally Qualified Health Centers (FQHCs).

No more than two hundred thousand ($200,000) may be expended for administrative costs.

Unexpended or unencumbered balance remaining at the end of fiscal year 2027 will revert to general fund.

Is this an amendment or substitution? ☐ Yes ☒ No
Is there an emergency clause? ☐ Yes ☒ No

b) Significant Issues

New Mexico faces significant challenges in providing adequate healthcare services to its rural and underserved populations. The state is predominantly rural, with an average of 17 people per square mile, compared to the national average of 87.4 people per square mile. This low population density contributes to healthcare access issues. pmc.ncbi.nlm.nih.gov

A substantial portion of New Mexico's residents live in rural areas, and many counties are designated as Medically Underserved Areas. These designations indicate a shortage of healthcare providers relative to the population's needs. pmc.ncbi.nlm.nih.gov

Economic factors also play a role in healthcare access. In 2021, the average per capita income in rural New Mexico was $46,637, lower than the urban average of $50,311. Additionally, the poverty rate in rural areas was 21.2%, compared to 15.9% in urban regions.
ruralhealthinfo.org

These economic disparities are linked to health outcomes. Approximately 22.8% of adults in non-metropolitan counties reported their health as fair or poor, higher than the 19.5% in metropolitan areas.
nmlegis.gov

To address these challenges, initiatives like the New Mexico Health Service Corps aim to recruit and retain healthcare providers in rural and underserved areas. Efforts include increasing funding for loan-repayment programs to incentivize physicians to practice in these communities.
dailyyonder.com

The New Mexico Health Service Corps (NMHSC) 7.29.2 NMAC is a state supported program administered by the DOH Office of Primary Care and Rural Health (OPCRH) which recruits, places, and offers financial assistance to designated health professionals in rural and medically underserved areas of the state. The program is divided into two parts, the Stipend Program and the Community Practice Site Support Program.

The Stipend Program offers medical and dental students stipends to support their education in exchange for two (2) years of full-time service at approved rural, medically underserved clinics upon completion of training.

Through the Community Practice Site Support Program (also referred to as the Community Contract Program), the NMHSC provides recruitment and/or retention support to NMHSC-eligible healthcare providers, such as Federally Qualified Health Centers (FQHCs), by awarding community practice sites grants and mid-level provider grants when funding is available.

In Fiscal Year (FY) 2015, the NMHSC had a budget of $750,000. However, following budget cuts in FY 2017, the program lost all financial support. In FY 2015, the NMHSC Community Practice Site Support Program awarded 25 grants to various FQHC practice sites, the majority of which were located in rural areas. Since FY 2017, funding for the Community Practice Site Support Program has not been restored. With the current reduced budget of $230,000, the NMHSC can only sustain the Stipend Program, which now serves fewer participants. From FY 2021 to FY 2024, an average of seven participants per year received stipends, a significant decrease from 27 participants in FY 2016.

Source: DOH OPCRH

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) who operate **over 200 clinics** offering primary care services, including dental care, throughout the state.

SB338 would provide financial resources to these safety-net providers and ensure continued access to care for thousands of New Mexicans, including stabilizing the workforce becomes even more crucial.

## 2. PERFORMANCE IMPLICATIONS

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

  ☒ Yes ☐ No

The NMDOH Office of Primary Care and Rural Health (OPCRH) manages all aspects of the New Mexico Health Service Corps. OPCRH will likely need to hire additional staff to manage NMHSC, as it is currently operated using staff time allocated from other state programs.

- 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 NMDOH OPCRH manages all aspects of the New Mexico Health Service Corps. OPCRH will likely need to hire additional staff to manage NMHSC. SB338 does not indicate if the allocated $200,000 for administrative costs is to the Department of Health or to FQHCs.

## 4. ADMINISTRATIVE IMPLICATIONS

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

The NMDOH OPCRH manages all aspects of the New Mexico Health Service Corps. OPCRH will likely need to hire one additional staff to manage NMHSC. NMHSC is responsible for contract monitoring and tracking of all participants. The NMHSC is currently operated using staff time allocated from other state programs. The increased volume in contracts, including monitoring and tracking, will further strain these resources, diverting staff time away from their existing responsibilities and potentially impacting the delivery of services in other state programs.

## 5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

None.

## 6. TECHNICAL ISSUES

Are there technical issues with the bill? ☒ Yes ☐ No

On page 1, line 25 into page 2, line 1, there needs to be clarification for “administrative costs”. Will the two hundred thousand dollars ($200,000) be for DOH administrative costs or can it be used for Federally Qualified Health Care (FQHC) administrative costs? If the $200,000 is designated for DOH, it could be applied to cover the Estimated Additional

Operating Budget Impact as outlined in Section II: Fiscal Impact.

## 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

Rural and underserved communities in New Mexico experience significant health disparities due to a combination of socioeconomic, geographic, and systemic factors. Key disparities include:

**Access to Healthcare Services:**

- **Provider Shortages:** Many rural areas in New Mexico are designated as Health Professional Shortage Areas, indicating a lack of sufficient healthcare providers. This shortage limits access to essential medical services for residents.
  nmlegis.gov
- **Behavioral Health Services:** Access to behavioral health services is notably limited in rural regions, exacerbating mental health challenges.
  nmlegis.gov

**Health Outcomes:**

- **Chronic Diseases:** Rural populations in New Mexico have higher rates of chronic conditions such as heart disease and diabetes. Contributing factors include limited access to healthcare, higher poverty rates, and challenges in accessing nutritious food.
  americashealthrankings.org
- **Mental Health:** The prevalence of mental health issues, including severe mental illness, is higher in rural areas compared to urban counterparts. Limited access to mental health services further exacerbates these challenges.
  nmlegis.gov

**Socioeconomic Factors:**

- **Poverty:** The poverty rate in rural New Mexico is 21.2%, compared to 15.9% in urban areas. Economic hardship is closely linked to poorer health outcomes and reduced access to healthcare services.
  ruralhealthinfo.org
- **Education:** Approximately 16.5% of the rural population lacks a high school diploma, compared to 11.6% in urban areas. Lower educational attainment is associated with limited health literacy and poorer health outcomes.
  ruralhealthinfo.org

**Infrastructure Challenges:**

- **Transportation:** Geographic isolation and inadequate transportation infrastructure make it difficult for rural residents to access healthcare facilities, leading to delays in seeking care and poorer health outcomes.
  americashealthrankings.org

New Mexico has a significant shortage of health care professionals. The New Mexico Healthcare Workforce Committee 2024 Annual Report documents the shortage of

physicians, nurses, pharmacists, physician assistances, certified nurse practitioners, and dentists in New Mexico and offers recommendations for recruitment, retention, and increasing the health care workforce. https://digitalrepository.unm.edu/cgi/viewcontent.cgi?article=1012&context=nmhc_workforce. However, the limitation in this report is that it shows only those who are licensed. This data does not provide information on those currently practicing medicine, or those who may be retired but still licensed.

Rural areas struggle with a shortage of healthcare professionals, including administrative staff. Attracting and retaining healthcare providers in rural communities can be challenging due to factors such as limited career opportunities, lower reimbursement rates, and a lack of infrastructure. Consequently, programs to deal broadly with issues must first assess the abilities at each level – state, county and local – to overcome them. (https://pubmed.ncbi.nlm.nih.gov/37214231/).

## 9. HEALTH IMPACT(S)

Recruiting and retaining healthcare providers in rural New Mexico, especially in **American Indian populations**, has significant positive health impacts:

**1. Increased Access to Healthcare Services**

- Many Tribal nations are in federally designated Health Professional Shortage Areas (HPSAs). Shortage Areas More providers mean:
  - Shorter wait times for medical visits.
  - More primary care and specialty services, reducing the need for long-distance travel.
  - Expanded access to maternal and child healthcare, improving birth outcomes.

**2. Better Management of Chronic Diseases FastStats - Health of American Indian or Alaska Native Population**

- American Indians in New Mexico face high rates of diabetes, heart disease, and hypertension. Increased provider retention helps with:
  - Early diagnosis and treatment of chronic illnesses.
  - Improved diabetes management programs to reduce complications.
  - Regular preventive screenings for cancer, cardiovascular disease, and obesity-related conditions.

**3. Improved Mental and Behavioral Health Support Behavioral Health | Fact Sheets**

- Tribal nations experience higher rates of PTSD, depression, and substance use disorders. More mental health providers lead to:
  - Culturally competent care, incorporating traditional healing practices with modern therapy.
  - More access to addiction treatment, especially for opioid and alcohol use disorders.
  - Increased suicide prevention programs tailored to Tribal youth and elders.

**4. Strengthening Culturally Appropriate Care Cultural Competence in Caring for American Indians and Alaska Natives - StatPearls - NCBI Bookshelf**

- Recruiting Native American and culturally trained providers improves:

- Trust in the healthcare system, reducing medical mistrust and increasing patient engagement.
- The integration of Traditional Indigenous Medicine with Western practices for holistic care.
- Language accessibility, ensuring care is provided in Native languages where needed.

**5. Economic and Social Benefits**

- More healthcare professionals in Tribal areas lead to:
  - Job creation within the healthcare sector for local residents.
  - Healthier workforces, boosting productivity in Tribal economies.
  - Long-term community health programs, such as nutrition education and youth wellness initiatives.

By recruiting and retaining providers who understand and respect Tribal traditions and community needs, New Mexico can significantly improve health equity and enhance overall well-being for Native populations.

Since the demands for health care services and providers continues to increase, providing recruitment and retention incentives to health care practitioners who work and live in rural and medically underserved areas may help stabilize the health care workforce (page 12, https://www.nmhealth.org/publication/view/plan/5311/). The proposed allocation in SB338 could encourage more health care practitioners to stay in rural and medically underserved areas to provide needed health care services.

Geographically, New Mexico is a largely rural state. Of New Mexico's 33 counties, seven contain predominantly urban areas defined as part of Metropolitan Statistical Areas (New Mexico Rural Health Plan, June 2019: https://www.nmhealth.org/publication/view/report/5676/). The remaining 26 Non-Metropolitan counties are considered rural or frontier in nature. It should be noted that there are locations within Metropolitan Statistical Areas counties that are largely rural or frontier. The very large size of New Mexico counties creates this situation (New Mexico Rural Health Plan, June 2019).

New Mexico has multiple programs which focus on the needs of rural underserved areas of the state, which includes NMHSC. Several of these are exclusively state-funded. Others are federally funded and coordinated by state agencies. Key programs include:

**State Funded Programs**

- Rural Primary Health Care Act (RPHCA) Program
- Primary Care Provider Recruitment and Retention Clearinghouse
- Primary Care Capital Fund
- Rural Health Care Practitioner Tax Credit Program
- School-Based Health Center Program
- New Mexico Health Service Corps Community Practice Site Support Program
- New Mexico Health Service Corps Stipend Program.

**State Coordinated Programs**

- Primary Care Cooperative Agreement
- J-1 Visa Waiver (Conrad 30) Program
- State Office of Rural Health Program

- Medicare Rural Hospital Flexibility Program
- Small Rural Hospital Improvement Program

**10. ALTERNATIVES**

None.

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

If SB338 is not enacted, then a $5,000,000 appropriation from Geneal Funds would not be available to recruit and retain healthcare professionals in rural and underserved areas.

**12. AMENDMENTS**

None.