

LFC Requestor: MONTANO, Noah

**2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS**

Section I: General

Chamber: Senate

Category: Bill

Number: 380

Type: Introduced

Date (of THIS analysis): 02/14/2025

Sponsor(s): Pete Campos

Short Title: Physician Graduate Medical Ed. Trust Fund

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	\$0	N/A	N/A

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	\$0	\$0	\$0	N/A	N/A

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 380 (SB380) proposes to transfer one hundred million from the general fund to create the Physician Graduate Education Trust fund in the state treasury. The trust fund would be non-reverting and only expendable to the physician graduate medical education program fund in an amount equal to five percent of the average of the year-end market values of the trust fund for the immediately preceding three calendar years. The proposed \$100,000,000 transfer is to be distributed for the following:

SB380 creates and authorizes the Physician Graduate Education Trust Fund Program to distribute up to two million five hundred thousand dollars (**\$2,500,000**) for supporting physician graduate medical education programs located in rural and underserved areas that are **in the process of developing applications** with the body responsible for accrediting physician graduate medical education programs.

SB380 creates and authorizes the Physician Graduate Education Trust Fund Program to distribute up to five hundred thousand dollars (**\$500,000**) for supporting physician graduate medical education programs located in rural and underserved areas **that have been accredited** by the body responsible for accrediting physician graduate medical education programs **for less than one year**.

SB380 creates and authorizes the Physician Graduate Education Trust Fund Program to distribute **up to the balance of the fund** for *further* supporting physician graduate medical education programs located in rural and underserved areas that have been accredited by the body responsible for accrediting physician graduate medical education programs **for more than one year**.

SB380 creates and authorizes the Physician Graduate Education Trust Fund Program to distribute **up to the balance of the fund beginning in fiscal year 2029** for supporting physician graduate medical education programs located in rural and underserved areas that have been accredited by the body responsible for accrediting physician graduate medical education programs **for more than one year**.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

NM residents seeking healthcare gain health, social, and environmental benefits when health care professionals serve those residents in their home communities. Patients must incur travel costs, time commitment, and other burdens when they must find care outside of their communities. Sometimes they forgo care entirely. 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 large geographic size of New Mexico counties creates this situation (New Mexico Rural Health Plan, June 2019).

Under current healthcare reimbursement systems, communities with a large proportion of low-income residents and rural communities may not generate sufficient paying demand to assure that providers will practice in these locations (2020-2022 New Mexico State Health Improvement Plan: (<https://www.nmhealth.org/publication/view/plan/5311>)).

The rural to urban migration of health professionals leaves poor, rural, and remote areas underserved and disadvantaged. Skilled health professionals are increasingly taking job opportunities in the labor market in high-income areas as the demand for their expertise rises.

Recent federal investment in graduate medical education programs, though significant, has not been distributed equitably to programs in rural and underserved areas of the nation ([Hawes et al., 2021](#)). A state-level initiative to bolster residency programs in rural and underserved areas of New Mexico could promote additional educational options to address chronic healthcare workforce shortage in rural New Mexico.

SB380 allocates funding for existing rural residencies but the language in the bill also includes "underserved" areas which could theoretically mean the entire state depending on how underserved is defined. There currently is no definition in SB380 for underserved; therefore, as it's written, nothing would prevent the dollars going to existing urban programs in Albuquerque, Santa Fe, or Las Cruces.

The Health Resources and Services Administration (HRSA) currently administers a grant program for rural residency programs that awards up to \$750,000 for accreditation costs, faculty development, and resident recruitment. This includes both direct and indirect costs ([HRSA, 2025](#)). However, New Mexico may have reached the capacity to support rural residency programs that can meet accreditation standards due to shortages of physicians able to serve as residency directors and attending physicians. SB380 currently does not contain language for which activities disbursements can be used. Despite not defining eligible expenditures of trust fund disbursements, national oversight of their use would still apply.

Lastly, the proposed transfer of \$100million from the general fund to the Physician Graduate Medical Education Trust Fund lacks clarity on whether the appropriation is a one-time transfer or a recurring transfer for each fiscal year from 2026 through 2028.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?
 Yes No
- 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

4. ADMINISTRATIVE IMPLICATIONS

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

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

None.

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

The proposed transfer of \$100,000,000 from the general fund to the Physician Graduate Medical Education Trust Fund lacks clarity on whether it is a one-time transfer or a recurring transfer for each fiscal year from 2026 through 2028.

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

SB380 specifically creates a physician graduate medical education trust fund for graduate medical programs in rural and underserved areas of New Mexico. These areas have historically faced challenges in recruiting and retaining physicians. One contributing factor to this is the lack of graduate education programs in these communities. According to the [Health Care Authority](#) (page 7), only three of the state's nine primary care and psychiatry residency programs are located in rural areas in 2020. Since then, one psychiatry residency program has closed leaving only one behavioral health residency program left in New Mexico—in Albuquerque ([New Mexico Primary Care Training Consortium, 2024](#)).

SB380 would bolster the existing programs in rural areas financially and provide a way for new programs to obtain a portion of the funding they need to launch a robust primary care or behavioral health residency program by attracting the necessary staffing and faculty.

Research has demonstrated that physicians often work within 100 miles of where they complete residency. Therefore, enhancing the capacity of rural graduate education programs is a viable strategy to enhance the rural primary care workforce and improve access to care for residents ([Hawes et al., 2021](#)).

9. HEALTH IMPACT(S)

SB380 may improve population health in New Mexican rural and frontier areas by creating more opportunities for rural residency programs to offer high quality primary care training. The graduates of these programs may choose to remain in the areas in which they trained therefore improving access to care for the community.

10. ALTERNATIVES

None.

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

If SB380 is not enacted, the Physician Graduate Education Trust Fund and program will not be created and \$100,000,000 will not be appropriated from the general fund.

12. AMENDMENTS

None.