

N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 411 (SB411) creates the Physician Loan Repayment Act. The legislation directs the New Mexico Higher Education Department (NMHED) to establish a loan repayment program for licensed physicians in underserved areas of the state of New Mexico.

FISCAL IMPLICATIONS

SB411 appropriates fifteen million dollars (\$15,000,000) from the General Fund to the Physician Loan Repayment Fund under NMHED for expenditure in Fiscal Year 2026 (FY26) and subsequent fiscal years to carry out the purposes of the fund. Any unexpended or unencumbered balances at the end of fiscal year shall not revert to any other fund.

SIGNIFICANT ISSUES

SB411 establishes a Physician Loan Repayment program for medical or osteopathic physicians who is licensed under the Medical Practice Act. NMHED may grant an award to repay loans obtained for the education expenses.

Eligibility requirements include:

- must be license or certified to practice in New Mexico as a physician;

- shall be a bona fide citizens and residents of the United States and of New Mexico;
- applicants shall declare their intent to practice as a physician within a designated health professional shortage area of the state; and
- preference shall be given to those who have graduated from a New Mexico postsecondary education institution.

Award amounts are dependent upon the location and characteristics of the practice and applicants total medical school education indebtedness. Eligible loans are for the recipient's education under a contract between the federal government or commercial lender requiring either repayment of principle balance and interest.

NMHED will enter into a contract with the recipient acting on behalf of the state. The contract shall provide payment by the state of the sum to the recipients' debtors and shall state the obligation of the recipients under the program including a minimum service obligation of four years. Recipients shall not receive an award for more than four years of service.

Recipients shall serve a complete year of service to receive credit for that year. The annual award shall be established by the NMHED but shall not exceed seventy-five thousand (\$75,000) over the four-year period and shall not exceed three hundred thousand dollars (\$300,000).

If the recipient does not comply with the terms of the contract NMHED shall assess a penalty of up to three times the award amount plus eighteen percent interest (18%).

The legislation establishes a program structurally similar to the existing Health Professional Loan Repayment Program (HPLRP) administered by the NMHED (21-22D NMSA 1978). The purpose of HPLRP is to provide repayment for outstanding student loans of practicing health care professionals. As a condition of the program, a health professional must make a three-year service commitment to practice full-time in a designated medical shortage area in New Mexico. The HPLRP has received interest from health care professionals throughout the New Mexico. 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.

The maximum award is twenty-five thousand (\$25,000) per year. Factors which may affect the award amount include the applicant's amount of student loan debt and available funding for the program. Recipients are eligible for renewal upon completion of a two-year obligation.

HPLRP awardees are required to work in primary care practice as primary care physicians in underserved areas for three-year service commitment. Expanding funding will address other significant health care shortages through shortages of physician specialists, hospitalists and/or behavioral health practitioners in underserved areas.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

SB411 directs NMHED to promulgate rules to carry out the provisions of the Physician Loan Repayment Act. The administrative code would clarify details such as the structure of the selection communities to review applicants, underserved areas and area of physicians practice location.

In addition, NMHED will be required to provide annual reports to the Governor and the Legislature prior to each regular legislative session of the actives including cohort data and annual program data.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If not enacted, NMHED will continue to support physicians under HPLRP (21-22D NMSA 1978).

AMENDMENTS

N/A