New Mexico faces a chronic challenge in meeting the demand for services in the health and human services sectors. The health care and human services workforce is rapidly aging and is highly concentrated in urban areas, leaving rural and frontier areas of the state with great challenges in accessing care. The federal Health Resources and Services Administration (HRSA) of the United States Department of Health and Human Services has designated 32 of New Mexico’s 33 counties as health professional shortage areas.

The state has implemented many incentives to recruit and retain health care and human services professionals in the state, in addition to participating in federal programs such as the National Health Service Corps. This information bulletin describes incentives such as loan-for-service and loan repayment programs, residencies and the wide array of tax incentives that the state offers to recruit and retain health care and human services professionals in the state.

Higher Education Department Educational Loan Incentives

The Higher Education Department (HED) administers two major types of programs for health care professional recruitment and retention: loan-for-service programs and loan repayment programs. Availability of these programs is contingent upon legislative appropriation. Participation in these programs is highly competitive, and there are often strict placement specifications.

Loan-for-service programs are for students currently pursuing a degree who promise to practice in underserved areas of the state, usually for two or three years. Loan-for-service programs require repayment with interest if the service commitment is not fulfilled.

Loan repayment programs are for practicing professionals who have completed their education and who agree to practice in underserved areas of the state. For each year of service, the state pays a portion of the professional's student loans.

There are currently loan-for-service programs for medical students and physician assistant students; osteopathic medical students and osteopathic physician assistant students; nursing students; nurse educators; and students in the following "allied health" programs: physical therapy, occupational therapy, speech-language pathology, audiology, pharmacy, nutrition, respiratory care, laboratory technology, radiologic technology, dental hygiene, mental health services and emergency medical services. The HED is authorized to include other programs as well, but it has not. According to Dr. Harrison Rommel, financial aid director and interim director of institutional finance, HED, as of today, all of these programs are operational and budgeted for state fiscal year 2017, with the exception of the osteopathic loan-for-service program. A 2016 bill did update the osteopathic loan-for-service program statute, but neither it nor House Bill 2 (2016) contained an appropriation.

Loan repayment pursuant to the Health Professional Loan Repayment Act is available to primary care physicians, optometrists, podiatrists, physician assistants (both osteopathic and medical), dentists, nurses and members of "allied health professions", defined as: physical therapists, occupational therapists, speech-language pathologists, audiologists, pharmacists, nutritionists, respiratory care professionals, laboratory technology professionals, radiologic technology professionals, dental hygienists, mental health services professionals and emergency medical services professionals. The professional must practice in a health professional shortage area so designated by the HSRA.

The Minority Doctoral Assistance Loan for Service Program Act established annual grants of $25,000 to "ethnic minority" students in doctoral programs in the fields of engineering, physical or life sciences, mathematics "or any other academic discipline in which ethnic minorities and women are demonstrably underrepresented". While not directly related to health or human service education, this program may arguably benefit the health professions in that science, technology and mathematics contribute and may serve as antecedent...
to health professions. The HED administers the Minority Doctoral Assistance Loan for Service Program, while the grants are offered by New Mexico post-secondary educational institutions. Students are required to teach in a faculty position at the sponsoring school within five years of completing a doctorate or be subject to a penalty.

Department of Health Programs
Pursuant to the Health Service Corps Act, the Office of Primary Care and Rural Health (OPCRH) of the Department of Health (DOH) administers the New Mexico Health Services Corps. The corps provides a stipend to health professional students during their last two years of study in exchange for a minimum two-year commitment, once the health professional is licensed, to work for the DOH in rural underserved areas of the state. In varying amounts, the DOH provides stipends to students enrolled in primary care physician residencies and trainees or residents in dentistry, family nursing practice, certified nurse-midwifery, emergency medical services and paramedicine and dental hygiene.

The OPCRH contracts with a private nonprofit to operate the Statewide Recruitment and Retention Clearinghouse to assist agencies seeking to recruit health care providers and to assist health care providers who are seeking public employment opportunities. As funding permits, through the Rural Primary Health Care Act, the Primary Care Capital Fund, the Medicare Rural Hospital Flexibility Program, the Primary Health Care Mini Grant Program and the Small Rural Hospital Improvement Grant Program, the OPCRH provides financial and technical assistance to rural health care facilities that provide primary health care.

The OPCRH also contracts with a private contractor to assist in recruiting health professionals nationwide and to assist in recruitment internationally through the New Mexico J1 Visa (Conrad) State 30 Waiver Program. The J1 Visa is a non-immigrant visitor’s visa that the United States Department of State issues to individuals from other countries who apply to participate in work- and study-based non-immigrant exchange programs. Many of the recruits practice in rural areas of the state, mostly in primary care and family practice with obstetrics.

Other Agencies’ Programs
The Children, Youth and Families Department (CYFD) is authorized under the Children, Youth and Families Worker Loan Repayment Act to provide student loan repayment assistance to CYFD employees with bachelor’s or master’s degrees in social work or in another CYFD-designated “critical area” and who work directly with children and families in the CYFD’s Protective Services Division or Juvenile Justice Division.

For students enrolled at the University of New Mexico (UNM) School of Medicine, there is an incentive pursuant to the Primary Care Physician Conditional Tuition Waiver Program for specialization in primary care in the form of a tuition waiver.

The Western Interstate Commission for Higher Education (WICHE) Program provides loans for service to students in dentistry and veterinary medicine who attend institutions of higher learning out of state and who return to New Mexico to practice. A student who accepts a WICHE loan but who, without good cause, does not return to practice in New Mexico is subject to a penalty of up to three times the loan's principal due, plus 18 percent interest.

Residencies
UNM offers medical residencies and internships at the UNM Hospital through the Accreditation Council for Graduate Medical Education (GME) that are funded through the federal Centers for Medicare and Medicaid Services. GME placements involve a national matching process over which neither UNM nor other state or local actors exercise any control.

UNM has a dental residency program for dental school graduates to provide dental care in underserved communities in the state.

Tax Incentives
The state offers several tax incentives to health practitioners. Pursuant to the rural health care practitioner credit, medical doctors, osteopathic doctors, dentists, clinical psychologists, podiatrists and optometrists may receive a $5,000 income tax credit for practicing in “rural health care underserved areas of the state” for at least 2,080 hours during a taxable year. Certified nurse-midwives, medical and osteopathic physician assistants, dental hygienists and advanced practice nurses—including certified nurse practitioners, certified registered nurse anesthetists and clinical nurse specialists—who have practiced at least 2,080 hours during a taxable year in a rural or underserved area may receive a $3,000 income tax credit. Half of the credit is offered to practitioners who practice for at least 1,040 hours but less than 2,080 hours a year in a rural or underserved area of the state.

Oncologists who participate in cancer clinical trials are eligible for an income tax credit of $1,000 per patient per taxable year, with a $4,000 credit maximum. In order to qualify for the tax credit, an oncologist must be licensed as a medical doctor pursuant to the Medical Practice Act. Osteopathic physicians are not eligible for the tax credit.

Health care practitioners may make gross receipts tax deductions for health care services provided to Medicare beneficiaries, federal TRICARE enrollees and federal Indian Health Service facility patients. Health care practitioners who provide services under a Medicare Advantage Plan or Medicaid may deduct from gross receipts taxation those Medicaid and Medicare services that are not otherwise deductible.

A licensed medical doctor or licensed osteopathic physician may claim a credit against gross receipts taxes due for the value of unpaid qualified health care provided by the doctor or physician...
Vendors of vision aids and hearing aids are exempt from gross receipts taxation. Vendors that sell prosthetic devices to certain health care providers, including persons licensed to practice medicine, osteopathic medicine, dentistry, podiatry, optometry, chiropractic or professional nursing, may deduct these receipts from gross receipts or governmental gross receipts taxation.Licensed Medicare durable medical equipment providers may deduct the receipts from the sale of prescription drugs, oxygen and oxygen services from gross receipts and governmental gross receipts.

Vendors of veterinary medical services, medicine or medical supplies used in the medical treatment of cattle may deduct these receipts from gross receipts taxation if the sales are made to certain ranchers, farmers or veterinarians.

Health Facilities Incentives
Hospitals and other health facilities licensed by the DOH are exempt from the governmental gross receipts tax. Hospitals licensed by the DOH may deduct 50 percent of their gross receipts after all other deductions have been made. Certain hospitals licensed by the DOH may claim a credit against gross receipts taxation of as much as five percent. Receipts from sales of construction equipment or construction materials to a foundation or nonprofit organization for use in the new facility construction of a qualifying hospital located in a federally designated health professional shortage area are sometimes deductible from gross receipts taxation. Receipts from the sale of engineering, architectural and construction services to a foundation or nonprofit organization for use in the new facility construction of a safety net care pool qualifying hospital located in a federally designated health professional shortage area are deductible from gross receipts under certain circumstances.

Human Services
Entities organized under the federal Internal Revenue Code of 1986 as nonprofit entities are exempt from personal income tax, corporate income tax and gross receipts tax. Nonprofits' use of property is exempt from compensating tax.

Nonprofit entities that provide accommodations for retired elderly persons are exempt from gross receipts taxation.

Corporations providing or paying for licensed child care services for employees' children under 12 years of age may deduct 30 percent of eligible expenses from their corporate income tax liability of up to $30,000 per taxpayer per taxable year.

Under existing New Mexico law, a person that hires individuals through state Medicaid welfare-to-work programming would previously have been eligible for a credit against personal income tax or corporate income tax but the federal law on which this credit is based is no longer operative.
The New Mexico Primary Care Training Consortium, with the help of the legislature, has been working to implement a primary care residency program funded through the state's Medicaid program. According to Charlie Alfero and Dr. Art Kaufman, lead proponents of the consortium's residency program, these residencies focus on recruiting New Mexicans from rural and underserved areas of the state and build on studies that show that residents from these areas tend to remain at home to practice. See C. Alfero, A. Kaufman, Ph.D., July 31, 2015, "A State-Based Strategy For Expanding Primary Care Residency", Health Affairs Blog, available at http://healthaffairs.org/blog/2015/07/31/a-state-based-strategy-for-expanding-primary-care-residency/ (last visited October 21, 2016).


Section 7-2-18.22(F) NMSA 1978 defines "health care underserved area" as:

"a geographic area or practice location in which it has been determined by the department of health, through the use of indices and other standards set by the department of health, that sufficient health care services are not being provided[.]"

It defines "rural" as "an area or location identified by the department of health as falling outside of an urban area". Id.

Section 7-2-18.22(B) and (C) NMSA 1978.

Section 7-2-18.22(B) and (C) NMSA 1978.

Section 7-2-18.22(C) NMSA 1978.

Section 7-2-18.27 NMSA 1978.

Section 7-9-77.1(F)(3) NMSA 1978.

Section 7-9-93 NMSA 1978.

The amount depends in part on whether the hospital is located in a municipality or in an unincorporated area of a county. "Hospital" is defined in Subsection B of Section 7-9-96.1 NMSA 1978 as:

a facility providing emergency or urgent care, inpatient medical care and nursing care for acute illness, injury, surgery or obstetrics and includes a facility licensed by the department of health as a critical access hospital, general hospital, long-term acute care hospital, psychiatric hospital, rehabilitation hospital, limited services hospital and special hospital.

Section 7-9-100 NMSA 1978.

Section 7-9-99 NMSA 1978.

Section 7-2-4(B) NMSA 1978.

Section 7-2A-4(C) NMSA 1978.

Section 7-9-29 NMSA 1978.

Section 7-9-15 NMSA 1978.

Section 7-9-16 NMSA 1978.

Section 7-2A-14 NMSA 1978.

Sections 7-2-18.5 and 7-2A-8.8 NMSA 1978 (which refer to 26 U.S.C. § 51A, a federal law that has been repealed).