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FISCAL IMPACT REPORT

SPONSOR Gallegos, DY **ORIGINAL DATE** 1/26/2017
LAST UPDATED 2/15/17 **HB** 126/aHLEDC/ec
SHORT TITLE Financial Assistance for Medical Students **SB** _____
ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 108

Relates to Laws 2016, ch 42 which specified that New Mexicans enrolled in New Mexico schools of osteopathic medicine were to be considered for loans for service in medically underserved areas.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Higher Education Department (HED)

University of New Mexico Health Sciences Center (UNM HSC)

Burrell College of Osteopathic Medicine (BCO)

SUMMARY

Synopsis of the House Labor and Economic Development Committee Amendment

This clarifying amendment replaces the term “a New Mexico post-secondary educational institution” with “an accredited New Mexico medical school.” This clarifies the indication that loan repayment would be available only to graduates of New Mexico medical schools, currently only the University of New Mexico School of Medicine and the Burrell College of Osteopathic Medicine.

Synopsis of Original Bill

House Bill 126 makes several changes to New Mexico law (NMSA 1978 Sections 21-22 and 21-22D), which authorizes the Department of Higher Education to select New Mexico students for

scholarships to medical schools if they promise to practice in designated medically underserved portions of New Mexico.

Changes indicated are summarized as follows:

- A new criterion for such a loan indicates that preference will be given to students “attending a New Mexico post-secondary educational institution.
- The term “his,” referring to applicants for such loans, is replaced by “the applicant,” to remove ambiguity about female applicants
- A preference for graduates of “public” New Mexico post-secondary educational institutions is removed, allowing graduates of private New Mexico institutions, (e.g., St. John’s College, University of Phoenix, Burrell College of Osteopathic Medicine) to receive the same preference.

The legislation includes an emergency clause.

FISCAL IMPLICATIONS

The bill establishes no new appropriation for an existing program, funded through the General Appropriations Act but rather changes the criteria for awarding preferences for scholarships given in exchange for service in medically underserved parts of New Mexico to the extent that funding allows. DOH notes that there are medically underserved areas in 32 of New Mexico’s 33 counties, with many entire counties qualifying for that designation.

HED estimates the costs that would be incurred if an additional five students were approved for scholarships at \$25,000 per student per year. However, as there are no new appropriations, it would be assumed that any scholarships offered to former Burrell College of Osteopathic Medicine students would be offset by fewer loan for service scholarships offered to University of New Mexico School of Medicine students.

SIGNIFICANT ISSUES

The legislation, as well as existing law, gives preference for scholarships to graduates of New Mexico universities as opposed to New Mexican students who had chosen to do their post-secondary education at universities outside of New Mexico (e.g., University of Arizona, Harvard University).

BCO notes that a higher proportion of osteopathic medical school graduates (as opposed to allopathic graduates - those with an M.D. degree) go into primary care fields instead of other specialties, and “have a higher proportional representation in rural and medically underserved regions.”

HED notes that “While current statute allows students attending the Burrell College of Osteopathic Medicine to be eligible for the loan for service program, the legislation would limit the participation to only New Mexico postsecondary institutions. Currently the only accredited medical programs in New Mexico are at Burrell College and UNM Medical School... If the intent of the legislation is to allow Burrell College students equal access to the Medical Loan for Service Program, HED will have to amend 5.7.2.7 NMAC to remove the preference currently given to UNM medical students.”

OTHER SUBSTANTIVE ISSUES

BCO indicates that tuition payments to its school generate “significant” gross receipts tax payments to the state.

ALTERNATIVES

HED states that it could promulgate [a] new rule in 5.7.2.7 NMAC that gives preference to students attending a New Mexico postsecondary institution.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Students attending any accredited medical school in New Mexico would remain eligible for the Medical Loan for Service program.

LAC/jle