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**AGENCY BILL ANALYSIS
2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Click all that apply:

Original **Amendment**
Correction **Substitute**

Date Prepared: 2026-01-27
Bill No: SB159

Sponsor: Steinborn, Jeff
GRADUATE MEDICAL
Short Title: EDUCATION ENTITY
COSTS

Agency Name and Code NMHED
Number: _____
Person Writing: Netzer, Danielle
danielle.netzer@hed.
Phone: 5056703229 **Email:** nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	\$27,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue	Recurring	Fund Affected

FY26	FY27	FY28	or Nonrecurring	
N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	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 159 (SB159) creates new statutory language directing the University of New Mexico (UNM) Board of Regents to provide payments to “eligible entities” to supplement direct and indirect costs for medical residents in accredited Graduate Medical Education (GME) residency programs located in New Mexico. Eligible entities include federally qualified health centers, rural health clinics, independent psychiatric facilities, and critical access hospitals that sponsor or participate in accredited GME residency programs. The bill specifies that payments may cover unreimbursed costs such as resident salaries and benefits, supervising physician and faculty costs, accreditation and instructional expenses, and program administration, and requires UNM to supplement costs for the duration of residents’ training beginning in Fiscal Year 2027 (FY27) through Fiscal Year (FY29), prioritizing New Mexico residents. SB159 appropriates twenty-seven million dollars (\$27,000,000) from the General Fund to the UNM Board of Regents to support these payments, with any unexpended balance at the end of FY29 reverting to the General Fund.

The New Mexico Higher Education Department's (NMHED) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies’ analyses.

FISCAL IMPLICATIONS

SB159 appropriates twenty-seven million dollars (\$27,000,000) from the General Fund to the UNM Board of Regents for expenditure in FY27 through FY29 to supplement direct and indirect GME costs at eligible entities. The appropriation is timelimited and nonrecurring. The bill allows UNM to use the appropriation both for payments to eligible entities and to staff or contract for services necessary to carry out the program. Because the appropriation is made directly to the UNM Board of Regents rather than to

NMHED, it does not flow through NMHED's comprehensive higher education funding recommendation process described in agency guidance, and the bill does not provide additional resources to NMHED to support oversight.

Over the medium term, successful expansion and distribution of GME training sites may increase demand for medical education and related programs at UNM and other public colleges and universities, with potential implications for future operating and financial support needs.

Any unexpended or unencumbered balance remaining at the end of FY29 shall revert to the General Fund.

SIGNIFICANT ISSUES

GME capacity and geographic distribution are critical components of New Mexico's strategy to address physician and behavioral health workforce shortages, particularly in rural and underserved communities. By enabling UNM to supplement unreimbursed resident costs at federally qualified health centers, rural health clinics, psychiatric facilities, and critical access hospitals, SB159 may expand the number and distribution of residency positions, which is closely associated with where physicians ultimately practice and thus impacts longterm access to care. From a higher education perspective, GME is a continuation of medical education that is tightly linked to UNM's academic mission and clinical training programs. Strengthening communitybased GME training sites can enhance educational quality, interprofessional training opportunities, and the attractiveness of New Mexico's programs to New Mexico residents. The requirement to prioritize New Mexico residents in residency placements funded under the bill aligns with state goals for keeping graduates in state but may require close coordination with accreditation standards and national residency matching processes.

PERFORMANCE IMPLICATIONS

SB159 does not establish explicit performance measures or reporting requirements for UNM or NMHED. However, because the appropriation flows to UNM to support GME, UNM should develop performance measures to track key outcomes, such as number of funded residency slots by site and specialty, number and share of New Mexico residents in supported positions, and practice locations of supported residents after completion of training. These measures would support evaluation of the bill's impact on higher education linked health workforce pipelines and could inform future policy and funding decisions. The bill authorizes UNM to use a portion of the appropriation to "fully staff and contract for services" needed to administer the program, which implies new or expanded administrative responsibilities at UNM in areas such as finance, contracting, and program oversight. NMHED will not administer these funds, and any administrative impact on NMHED is expected to be limited to coordination and potential data or performance reporting and can likely be absorbed within existing staffing and resources.

ADMINISTRATIVE IMPLICATIONS

The UNM Board of Regents will be responsible for implementing SB159, including designing and managing the payment program, determining eligible entities, executing contracts or agreements, prioritizing New Mexico residents, and ensuring funds are used for allowable GME costs. The bill authorizes UNM to use a portion of the appropriation to "fully staff and contract for services" needed to administer the program, which implies new or expanded administrative responsibilities at UNM in areas such as finance, contracting, and program oversight. The NMHED will not administer these funds, and any administrative impact on NMHED is expected to be limited to coordination and potential data or performance reporting and can likely be absorbed within existing staffing and resources.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB159 is related but not duplicative of House Bill 66 (HB66), Senate Bill 11 (SB11), and Senate Bill 14 (SB14). All four measures address health workforce needs but use different mechanisms. SB159 directs the UNM Board of Regents to use a dedicated General Fund appropriation to supplement unreimbursed graduate medical education costs at eligible clinical sites. HB66 and SB14, as House and Senate versions of similar amendments to the Health Professional Loan Repayment Act (HPLRP), expand and fund a statewide loan repayment program administered by NMHED for a range of licensed health professionals, using a separate non-reverting fund. SB11 establishes the Nurse Loan Repayment Act (NLRA), creating a separate NMHED-administered program and fund focused on nurses in designated underserved areas or in specified educational roles.

There are no direct statutory conflicts or overlapping appropriations identified.

In combination, SB159, HB66, SB14, and SB11 operate as related components of a broader approach to supporting graduate medical education and health professional practice in New Mexico.

TECHNICAL ISSUES

Although the appropriation is time-limited, SB159 may create expectations among eligible entities and residents that GME supplemental payments will continue beyond FY29, which could put pressure on future state budgets and higher education funding if the program proves successful. The bill focuses on entities that already sponsor or participate in accredited residency programs; additional policy tools may still be required to help institutions and communities without existing programs develop new GME capacity. Coordination between UNM and other higher education institutions offering health profession programs (e.g., nursing, allied health) could leverage these community-based training sites for broader interprofessional education, although SB159 itself does not address that potential.

OTHER SUBSTANTIVE ISSUES

Although the appropriation is time-limited, SB159 may create expectations among eligible entities and residents that GME supplemental payments will continue beyond FY29, which could put pressure on future state budgets and higher education funding if the program proves successful. The bill focuses on entities that already sponsor or participate in accredited residency programs; additional policy tools may still be required to help institutions and communities without existing programs develop new GME capacity. Coordination between UNM and other higher education institutions offering health profession programs (e.g., nursing, allied health) could leverage these community-based training sites for broader interprofessional education, although SB159 itself does not address that potential.

ALTERNATIVES

UNM and eligible entities may seek additional federal or private grant funding to complement the state appropriation and reduce reliance on future General Fund appropriations once the funding period ends in FY29.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB159 is not enacted, twenty-seven million dollars (\$27,000,000) will not be appropriated from the General Fund to the UNM Board of Regents for GME supplemental payments during FY27 through FY29. Eligible entities such as federally qualified health centers, rural health clinics, independent psychiatric facilities, and critical access hospitals may continue to face unreimbursed costs for hosting medical residents, which could limit the expansion or sustainability of residency positions in some communities. The state may miss an opportunity to strengthen the alignment between UNM's medical

education programs and graduate medical education training at federally qualified health centers, rural health clinics, independent psychiatric facilities, and critical access hospitals that sponsor or participate in accredited residency programs in New Mexico, which can support longterm physician retention in the state, including for New Mexico residents.

AMENDMENTS

N/A