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FISCAL IMPACT REPORT

BILL NUMBER: House Bill 66

SHORT TITLE: HEALTH CARE PROFESSIONAL LOAN FUND CHANGES

SPONSOR: Chandler

LAST UPDATE: _____ **ORIGINAL DATE:** 01/22/2026 **ANALYST:** Rommel/Jorgenson

APPROPRIATION*
(dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$25,000.0	Recurring	General Fund

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
(dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HED		No fiscal impact	No fiscal impact	No fiscal impact	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Higher Education Department
Health Care Authority
University of New Mexico
New Mexico Independent Community College
New Mexico Medical Board

SUMMARY

Synopsis of House Bill 66

House Bill 66 (HB66) appropriates \$25 million from the general fund to the health professional loan repayment fund for the purpose of the Health Professional Loan Repayment Program (HPLRP) administered by the Higher Education Department (HED).

This bill changes the Health Professional Loan Repayment Program as follows:

- Provides a maximum loan repayment award of \$300 thousand (\$75 thousand per year for four years) for physicians. Historically, awards issued under the HPLRP were capped at \$25 thousand per year with a 3-year service commitment.
- Provides a maximum loan repayment award of \$120 thousand (\$40 thousand per year for three years) for other health professionals.
 - Creates a formula based on number of years of training necessary for licensure to apply to all non-physician professions (see table in Significant Issues).
 - Pro-rates awards for practitioners working less than full-time.
- Provides that at least half of the funds appropriated to the HPLRP be designated for distribution to physicians.
- Creates a nine-member committee to make award selections.
 - The committee includes members appointed by the secretaries of the Department of Health, the Health Care Authority, and the Higher Education Department as well as members appointed by the chair of the Medical Board and from professional health and medical associations.
- Provides that if a health professional does not fulfill the terms of the contract, they have to repay the full amount of the award plus up to 18 percent interest.
- Appropriates \$25 million to the health professional loan repayment fund for expenditure in FY27 for health professional loan repayment. Appropriations to the fund do not revert. Both the LFC and executive budget recommendations include \$25 million for HPLRP.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The appropriation of \$25 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall not revert to the general fund and shall remain in the health professional loan repayment fund. Although House Bill 66 does not specify future appropriations, establishing an on-going grant program could create an expectation the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

HED currently administers the HPLRP so that the provisions of HB66 are unlikely to add additional administrative burden. Therefore, there is no estimated additional operating budget impact.

SIGNIFICANT ISSUES

New Mexico continues to face a critical, chronic shortage of health professionals across the disciplines, particularly in rural areas. Thirty-two of 33 New Mexico counties are designated as Health Professional Shortage Areas (HPSAs) in primary care, behavioral health, and/or dental health. On average, New Mexico needs at least an additional 5,000 healthcare workers to address current shortages. In December 2025, according to the Workforce Solutions Department, 69 percent of the top ten online job postings were for health and personal care and 1,374 - 15 percent of postings - were for physicians. Students who graduated from U.S. medical schools in

2024 left with an average of \$212 thousand in educational debt, according to data from the Association of American Medical Colleges.¹

New Mexico does not have regulatory limits on loan repayment awards for health care providers. Historically, awards issued under the HPLRP were capped at \$25 thousand per year with a 3-year service commitment to align with the maximum federal award under the US Department of Health and Human Services State Loan Repayment Program (HRSA-SLRP). However, there is no requirement that state funds be limited to the maximum federal award. Neighboring states have increased their award amounts to enhance recruitment and retention of physicians and other health care workers beyond HRSA-SLRP limits. For example, Oklahoma allows up to \$50 thousand per year for four years of service and Arizona awards up to \$190 thousand of loan repayment, pro-rated on HPSA scores, over a four-year term.

The award formula in HB66 determines the maximum award for non-physician practitioners based on the number of years of postsecondary education required for licensure. Awards of up to \$120 thousand for three years' service are permitted with 8 years of postsecondary education and training (e.g., dentists or pharmacists), while practitioners with fewer years' training will receive a pro-rated amount based on the years of education required for licensure.

For example, training that requires 4 years of postsecondary training would receive one half of the maximum award, or \$60 thousand, for a three-year service commitment.

HPLRP Award Formula Based on Years of Required Postsecondary Education			
A	B	C	D
Practitioner Type*	Years of Required Training*	Maximum Prorated Annual Award = (\$40,000 * B / 8)	Maximum Award for 3 years service = (C * 3)
Dentist	8	\$40,000	\$120,000
Pharmacist	8	\$40,000	\$120,000
Nurse Practitioner	7	\$35,000	\$105,000
Physical Therapist	7	\$35,000	\$105,000
Social Worker/Counselor/MSN	6	\$30,000	\$90,000
Nurse, BSN	4	\$20,000	\$60,000
RN, Allied, Other	2	\$10,000	\$30,000

*This table is not intended to be exhaustive of all eligible health professionals and years of training.

HB66 directs that 50 percent of funds within the health professional loan repayment fund be directed to physicians. In the event 50 percent of appropriated funds are not encumbered, unexpended monies will carry forward for physician awards in the next fiscal year.

The bill also provides a recruitment incentive for out-of-state practitioners, allowing candidates to receive loan repayment assistance by agreeing to relocate to New Mexico within 90 days of award notification.

¹ <https://students-residents.aamc.org/media/12846/download>

The amended definition of “health professional” in Section 2 of the bill removes HED’s authority to define such, instead referencing acts within Chapter 61 of NMSA 1978, Professional and Occupational Licenses. Many health professionals currently eligible for HPLRP are covered under the change in HB66 but notably the Social Worker Practice Act is not referenced. Some social workers may qualify for HPLRP if licensed under the Counseling and Therapy Practice Act.

UNM also recommends adding references to the Physician Assistant Act (NMSA 1978, §§ 61-6-1 et seq.) and the Podiatry Act (NMSA 1978, §§ 61-8-1 et seq.).

The New Mexico Medical Board (NMMB) notes:

The NMMB’s core role is public protection and licensure, not workforce incentive distribution. Appointment of 3 members to the “Health Professionals Advisory Committee” by the Chair of the NMMB may erode regulatory neutrality.

NMMB recommends the New Mexico Medical Society, the Legislature, or other non-regulatory bodies appoint members to the Health Professions Advisory Committee.

The Health Care Authority (HCA) notes:

HB66 is drafted in accord with 26 U.S.C. § 108(f) such that awards under the loan repayment program are unlikely to be treated as gross income to recipients for purposes of federal and state income tax liability. See, e.g., IRS CCA 201815016, 2018 WL 1784945.

ADMINISTRATIVE IMPLICATIONS

HED administers the Health Professional Loan Repayment Program. HED may need to conduct additional marketing and outreach activities to recruit out-of-state practitioners. The department has an FTE dedicated to financial aid program outreach.

HED further notes:

The bill introduces additional administrative and reporting requirements, which may increase operational complexity and resource demands for program administration. The proposed award structure introduces significant administrative complexity for NMHED particularly due to differing calculation methods for physicians and non-physician health professionals. For licensed physicians, the bill establishes a flat award of seventy-five thousand dollars (\$75,000) per year for four consecutive years, subject to multiple exceptions.

- Verify and continuously track each recipient’s total eligible educational debt to ensure awards do not exceed that amount;
- Prorate awards over a four-year period based on the recipient’s total educational debt, requiring individualized calculations rather than standardized awards; and

- Monitor employment status and hours worked to prorate awards for part-time employment, necessitating ongoing verification of work schedules and compliance.

For health professionals other than licensed physicians, the award calculation is based on a formula tied to the number of years of full-time postsecondary training required for initial licensure, divided by eight. This creates additional administrative challenges, including:

- Determining and standardizing the required years of training across diverse professions, licensing boards, and certification pathways; and
- Resolving inconsistencies where training requirements vary by program, accreditation body, or are not clearly defined in statute or rule.

OTHER SUBSTANTIVE ISSUES

In FY25 HED awarded 401 HPRLP practitioners. Of those awards, only 66 (16 percent) went to physicians while the remainder were distributed among other providers.

The cost of medical education may be impacted by the enactment of House Resolution 1, which imposes new caps on federal loan limits for medical students. The law caps federal borrowing for medical students at \$200 thousand and \$100 thousand for other graduate programs starting July 1, 2026. Further, the bill eliminates the federal Grad PLUS loan program, which currently allows students to borrow up to the full cost of attendance, including living expenses.

ALTERNATIVES

In lieu of enumerating individual licensing acts in Section 2, Subsection D, legislation could broadly authorize all health professional licensing acts with Chapter 61 NMSA 1978. The health professions advisory committee would determine which licensed health professionals to prioritize.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

HED will continue to administer the program pursuant to current law.

HLR/dw/ct