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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 5

SHORT TITLE: Physician Residency Positions

SPONSOR: Muñoz

LAST UPDATE: _____ **ORIGINAL DATE:** 1/20/2026 **ANALYST:** Esquibel

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$3,000.0	Nonrecurring	General Fund

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis
University of New Mexico Health Sciences Center

SUMMARY

Synopsis of Senate Bill 5

Senate Bill 5 (SB5) appropriates \$3 million from the general fund to the University of New Mexico's (UNM) graduate medical education (GME) program to assist hospitals in developing and expanding physician residencies in family practice, internal medicine, obstetrics, gynecology and pediatrics in medically underserved rural areas of the state.

FISCAL IMPLICATIONS

The bill appropriates \$3 million from the general fund in FY27 through FY29 to fund recurring GME slots at UNM. Any unexpended or unencumbered balance remaining at the end of FY29 shall revert to the general fund.

The University of New Mexico Health Sciences Center (UNM-HSC) reports it currently has \$2.4 million from the general fund for a research and public service project for rural graduate medical education. The funding included in the bill could augment the project.

SIGNIFICANT ISSUES

The University of New Mexico Health Sciences Center reports approximately 800 of the roughly

850 resident physicians training in New Mexico are affiliated with UNM. UNM has nearly doubled the number of residency slots in recent years, expanding capacity in tandem with clinical infrastructure and partnering with primary care clinics and rural hospitals statewide. The number of residency slots UNM can support is directly tied to the capacity of its clinical delivery system. As that system has grown, residency capacity has expanded. For example, the opening of the new UNMH tower enabled UNM to add approximately 90 residency slots.

Increasing the number of rural rotations for existing learners is the first step in UNM’s sequential, capacity-based rural GME expansion strategy. Prioritizing rural rotations over new rural residency slots or programs is a prudent way to grow rural capacity and expose more learners to rural practice

- Residency programs require stable faculty capacity. Residents are learners who require continuous supervision by qualified faculty. Rural residency programs that depend on a small number of clinicians are highly vulnerable to disruption or closure if key staff leave. Building and sustaining the necessary faculty base takes time.
- Rural rotations expand exposure without overextending rural sites. Increasing rural rotations allows more residents to experience rural practice without requiring rural hospitals or clinics to sustain the full staffing, accreditation, and administrative infrastructure of a stand-alone residency program.
- Rotations provide flexibility and resilience. If a rural preceptor leaves, residents can be reassigned to other rural rotation sites with minimal disruption. Residency programs lack this flexibility. If key faculty supporting a rural residency depart, the program typically must suspend or cease operations entirely.

PERFORMANCE IMPLICATIONS

The 2025 New Mexico Health Care Workforce Committee’s annual report indicates 32 of 33 counties have multiple health professional shortage areas (HPSA) designations. In primary care, New Mexico has met 40 percent of the need and would need an additional 200 providers to remove the HPSA designations in the state.

TECHNICAL ISSUES

UNM-HSC suggests amendments to enable the funds appropriated in the bill to be expended on rural rotations rather than the creation of new, potentially unsustainable rural residencies.

Specifically, UNM-HSC suggests striking language in the long title that mentions “physician residency positions” and replacing it with “graduation medical education” and adding language in the body of the bill to expand the purpose of the appropriation to include rotations along with physician residencies in family practice, internal medicine, obstetrics, gynecology and pediatrics in medically underserved rural areas.

OTHER SUBSTANTIVE ISSUES

According to an LFC presentation, *New Mexico’s Healthcare Workforce—Sources and Trends*, (Legislative Health and Human Services Committee, June 25, 2025), the primary care physician workforce is older than other occupations, which means higher rates will be leaving the labor force in the coming years. The projected surplus of nurse practitioners and physician assistants in 2030 may alleviate the shortage of primary care physicians to some degree. However, shortages and

surpluses may not be balanced geographically because primary care practitioners tend to be concentrated in urban areas.

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