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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 14

SHORT TITLE: Health Care Professional Loan Fund Changes

SPONSOR: Hickey

LAST UPDATE: _____ **ORIGINAL DATE:** 1/20/2023 **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	No fiscal impact	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill Senate Bill 11

Sources of Information

LFC Files

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of Senate Bill 14

Senate Bill 14 (SB14) appropriates \$25 million from the general fund to health professional loan repayment fund for the purpose of the health professional loan repayment program administered by the higher education department (HED).

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

- Provides a maximum loan repayment award of \$300 thousand (\$75 thousand per year for

four years) for physicians, with a potential extension for a fifth year to \$375 thousand. Historically, awards issued under the HPLRP were capped at \$25 thousand per year with a three-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 1 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.
- Removes HED's authority to define eligible professions, instead referencing several licensing acts within Chapter 61 of NMSA 1978, Professional and Occupational Licenses.
- 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 Higher Education Department (HED) for expenditure in FY27 for health professional loan repayment. The appropriation does not revert. Both the LFC and executive budget recommendations include a \$25 million special appropriation for HPLRP.
- Repeals Sections 21-22D-2 and 21-22D-9 NMSA 1978, which relate to the purpose and contract cancellation provisions of the Health Professional Loan Repayment Act.

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 SB14 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 SB14 determines the maximum award for non-physician practitioners based on the number of years of postsecondary education and training required for licensure. Awards of up to \$40 thousand per year are permitted with 8 years of postsecondary education and training (e.g., dentists), while practitioners with fewer years' training will receive a pro-rated amount based on the years of required education and training for licensure.

Table 1- HPLRP Award Formula Based on Years of Postsecondary Education Required

Type	Years Training	Non-Physician Benchmark	Repayment, Annual	Maximum Repayment
Physician	11	N/A	\$ 75,000	\$ 300,000
Dentist	8	100%	\$ 40,000	\$ 120,000
Nurse Practitioner	7	88%	\$ 35,000	\$ 105,000
Physical Therapist	7	88%	\$ 35,000	\$ 105,000
Social Worker/Counselor	6	75%	\$ 30,000	\$ 90,000
Nurse, RN/BSN	4	50%	\$ 20,000	\$ 60,000
Allied, Other	2	25%	\$ 10,000	\$ 30,000

The amended definition of “health professional” in Section 2 of the bill removes HED’s authority to define eligible professions, instead referencing several licensing acts within Chapter 61 of NMSA 1978, Professional and Occupational Licenses. While most professionals currently eligible for HPLRP are covered under the change in SB14, there are two notable exceptions:

- 1) The Nursing Practice Act is not referenced, in anticipation of companion legislation for a nurse loan repayment program; and
- 2) The Social Work Act is excluded. Some social workers may be covered if licensed under the Counseling and Therapy Practice Act.

SB14 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 practitioners currently out-of-state, allowing

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

candidates to receive loan repayment assistance by agreeing to relocate to New Mexico within 90 days of award notification.

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 authorized FTE dedicated to financial aid program outreach.

OTHER SUBSTANTIVE ISSUES

In FY 2025 HED awarded 401 HPRLP practitioners. Of those awards, only 66, or 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 \$200,000 starting July 1, 2026, and eliminates the federal Grad PLUS loan program, which currently allows students to borrow up to the full cost of attendance, including living expenses.

HLR/dw/rl