



NEW MEXICO  
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**Presentation to NMFA Oversight Committee**

# **NMFA Programs for Primary Care and Behavioral Health Providers**

**Marquita D. Russel, CEO**

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# Overview of Support to Critical Health Providers

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- ◆ NMFA has been an active lender to health care providers since the 1990s. Established in 1994, the Primary Care Capital Fund is NMFA's second oldest program. The Behavioral Health Capital Fund was created in 2004 and was modeled after the PCCF.
- ◆ Eligible entities for both programs include community-based non-profit providers and clinics owned by public bodies.
- ◆ These low-cost loans may be used for the repair, renovation, construction and equipping of health care providers.
- ◆ Benefits to health care providers include a fixed interest rate of 3% and loan terms of 10 years for equipment loans and 20 years for infrastructure loans.
- ◆ Clients may enter into a Contract for Services Agreement which allows 20% of the loan to be repaid through the provision of care at free or reduced prices to sick and medically indigent patients.

- ◆ NMFA is partnered with the Department of Health for the Primary Care Capital Fund and with the Human Services Department in the administration of the Behavioral Health Capital Fund.
- ◆ These partner agencies are responsible for programmatic elements of the programs, including:
  - Vetting and recommending qualifying projects for funding
  - Entering into and monitoring compliance with borrower clinics' compliance with Contract For Service Agreements
- ◆ NMFA is responsible for financial aspects of the programs, including:
  - Underwriting and originating loans
  - Portfolio servicing and monitoring
  - Compliance reporting and enforcement

- ◆ Health care providers are also eligible for other loan programs that may help health care providers.
  - ❑ **Essential Services Working Capital Loans** – emergency loan program operated during FY 2021 to help critical care providers with covid related short-term cash flow difficulties.
  - ❑ **Smart Money Loan Participations** – loan participation program that provides long-term support of economic development projects by purchasing portions of loans made by local banks.
  - ❑ **Collateral Support Participation Program** – short-term loan participation program operated from 2011 – 2017; funded through federal SSBCI funds.
  - ❑ **New Markets Tax Credits** – federal tax credit program that incentivizes investment in low-income communities.
  - ❑ **NMTC Small Loan Pool** – flexible loan program for high-impact projects that don't meet traditional lending criteria

# Program Capitalization

FY Created	Program Name	Statute	Source of Capitalization	Initial Capitalization	Net Appropriations	Total Capitalization
1994	Primary Care Capital Fund*	24-1C-4	General Fund*	\$ 5,000,000	\$ (5,800,000)	\$ (800,000)
2003	Smart Money Loan Participation Program**	6-25-13	General Fund**	\$ 12,000,000	\$ (6,900,000)	\$ 5,100,000
2004	Behavioral Health Capital Fund	6-26-4	Cigarette Tax Bonds	\$ 2,500,000	\$ -	\$ 2,500,000
2006	New Markets Tax Credit	6-25-6.1	Federal/Private	\$ 110,000,000	\$ 211,000,000	\$ 321,000,000
2011	Collateral Support Participation Program***	6-25-13	Federal/Private	\$ 13,200,000	\$ (5,000,000)	\$ 8,200,000
2021	Essential Services Working Capital Program	6-25-13	Internally Funded	\$ 12,000,000	\$ -	\$ 12,000,000
2021	New Markets Tax Credit Small Loan Pool	6-21-6.12	Federal/Private	\$ 8,000,000	\$ -	\$ 8,000,000

\* Sweeps for solvency: \$2.81 million in 2011; \$3.0 million in 2020 1st Special Session

\*\* Sweeps for solvency: \$5.0 million in 2010; \$1.9 million in 2011

\*\*\* NMEDD repurpose of funds to venture capital: \$5.0 million in 2016; program inactivated in 2017 with all principal repayments reverting to NMEDD quarterly for its loan programs

# Behavioral Health & Primary Care Projects

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NMFA Private Lending Programs	Total Loans Made	Total Amount of Loans Made	Loans to Behavioral Health or Primary Care Providers			
			No. of Loans		Total Amount of Loans	
Primary Care Capital Fund	19	\$ 9,524,659	19	100%	\$ 9,524,659	100%
Behavioral Health Capital Fund	6	\$ 3,615,000	6	100%	\$ 3,615,000	100%
Smart Money Loan Participations	7	\$ 7,620,593	0	0%	\$ -	0%
New Markets Tax Credits	26	\$ 278,000,000	5	19%	\$ 41,904,000	15%
Collateral Support Loan Participation	16	\$ 8,336,120	0	0%	\$ -	0%
Essential Services Working Capital Program	16	\$ 5,434,850	4	25%	\$ 2,047,800	38%
NMTC Small Loan Pool	6	\$ 6,860,000	0	0%	\$ -	0%
<b>TOTAL</b>	<b>96</b>	<b>\$ 319,391,222</b>	<b>34</b>	<b>35%</b>	<b>\$ 57,091,459</b>	<b>18%</b>

*Loans made include projects approved by NMFA Board and are in the process of closing*

- ◆ Narrow program eligibility precludes NMFA from offering greater assistance to providers wanting to expand services.
  - Primary Care Capital Act and Behavioral Health Care Act limit funding to capital equipment, building and infrastructure acquisition or improvement.
  - Increased telehealth and expansion of services in under-served areas require working capital.
- ◆ Existing program capitalization further limits NMFA's lending. Approximate balances available for lending:
  - Primary Care Capital Fund: \$ 707,000
  - Behavioral Health Capital Fund: \$ 416,000
  - Economic Development Revolving Fund: \$950,000

- ◆ NMFA could provide greater support to these critical health care providers through the following legislative actions:
  - Amend the Primary Care Capital Act (NMSA 24-1C-4) to:
    - Expand definition of eligible use to include working capital ; and
    - Move the Fund from the Treasury to the NMFA
  - Amend the Behavioral Health Capital Act (NMSA 6-26-4) to include working capital as an eligible use.
  - Increase program capitalization:
    - Appropriation of \$5 million to the Primary Care Capital Fund
    - Appropriation of \$5 million to the Behavioral Health Capital Fund