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## FISCAL IMPACT REPORT

**BILL NUMBER:** CS/House Bill 66/HHHCS/aHAFC

**SHORT TITLE:** Health Care Professional Loan Fund Changes

**SPONSOR:** House Health and Human Services Committee

**LAST ORIGINAL**  
**UPDATE:** 02/11/2026      **DATE:** 01/22/2026      **ANALYST:** Rommel/Jorgenson

### 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.

Relates to House Bill 85

Conflicts with Senate Bill 14 and Senate Bill 11

Relates to an appropriation in the House Bill 2 as amended by the Senate

### Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Higher Education Department

Health Care Authority

## SUMMARY

### Synopsis of HAFC Amendment to House Bill 66

The House Appropriations and Finance Committee amendment to House Health and Human Services Committee substitute for House Bill 66 strikes the appropriation in Section 7.

### Synopsis of HHC Substitute for House Bill 66

The House Health and Human Services Committee substitute for House Bill 66 (HB66/HHHCS) amends the Health Professional Loan Repayment Act as follows:

- In Section 1, the substitute adds professions licensed pursuant to Chapter 61 of NMSA 1978, Professional and Occupational Licenses, and authorizes the Higher Education Department (HED) to add other licensed health professionals.
- It removes the definition of “osteopathic primary care physician” from 21-22D-3 NMSA 1978. Osteopathic physicians are covered as “licensed physicians” in Section 1 under references to 61-6 NMSA 1978, the Medical Practice Act.
- In Section 2, it specifies that physician awards shall be a minimum of \$75 thousand for four years for physicians. Historically, awards issued under the HPLRP were capped at

\$25 thousand per year with a three-year service commitment.

- It changes the date for HED’s report to the Legislature to December 31 of each year.
- It provides that at least half of the funds appropriated to the Health Professional Loan Repayment Program be designated for distribution to physicians.
- It provides that, if a health professional does not fulfill the terms of the contract, the health professional must repay the full amount of the award plus up to 18 percent interest.
- It 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.

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

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

The final version of the General Appropriation Act includes \$25 million for the loan repayment program contingent on passage of HB66.

## 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.<sup>1</sup>

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 \$125 thousand of loan repayment, pro-rated on HPSA scores, over a four-year term.

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,

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

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.

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 a position 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.

## 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.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Conflicts with Senate Bill 11, which amends the Health Professional Loan Repayment Act and appropriates funds to the Higher Education Department for purposes of the Act.

Conflicts with Senate Bill 14, which amends the Health Professional Loan Repayment Act and appropriates funds to the Higher Education Department for purposes of the act. Senate Bill 14 stipulates a 15 percent interest rate for defaulted agreements.

Relates to House Bill 85, which establishes a trust fund and appropriates funds to the Higher Education Department for purposes of the Health Professional Loan for Service and Health Professional Loan Repayment Acts.

Relates to a \$25 million appropriation to the same program in the House Appropriations and Finance Committee substitute for House Bills 2 and 3 (the General Appropriation Act).

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