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## FISCAL IMPACT REPORT

**BILL NUMBER:** CS/Senate Bill 14/SHPACS/aSFC

**SHORT TITLE:** Health Professional Advisory Committee

**SPONSOR:** Senate Health and Public Affairs Committee

**LAST ORIGINAL**  
**UPDATE:** 2/10/2026      **DATE:** 1/20/2026      **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	No fiscal impact	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Conflicts with House Bill 66

Relates to Senate Bill 11 and House Bill 85

Relates to an appropriation in the House Appropriations and Finance Committee substitute for House Bills 2 and 3 (the General Appropriation Act)

### Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Higher Education Department

## SUMMARY

### Synopsis of SFC Amendments to Senate Bill 14

The Senate Finance Committee amendment to Senate Health and Public Affairs Committee substitute for Senate Bill 14 removes the appropriation and renumbers sections accordingly.

### Synopsis of SHPAC Substitute for Senate Bill 14

The Senate Health and Public Affairs Committee substitute for Senate Bill 14 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 as follows:

- The bill enumerates eligible health 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.

- It provides a 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.
- It provides that at least half of the funds appropriated to the HPLRP be designated for distribution to physicians.
- It requires awardees to be bona fide citizens of the United States.
- It removes HED’s authority to define eligible professions, instead referencing several licensing acts within Chapter 61 of NMSA 1978, Professional and Occupational Licenses.
- It 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 15 percent interest.
- It 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.
- It changes the date for HED’s report to the Legislature to December 31 of each year.

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 SFC amendment strips the appropriation of \$25 million to Health Professional Loan Repayment Program because it is contained in the House Appropriations and Finance Committee substitute for House Bills 2 and 3 (the General Appropriation Act). Senate Bill 14 does not specify future appropriations, but establishing an ongoing 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.<sup>1</sup>

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

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.

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 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.

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

Relates to a \$25million appropriation in the House Appropriations and Finance Committee substitute for House Bills 2 and 3 (the General Appropriation Act) that is contingent on passage of House Bill 66 or similar legislation.

Conflicts with House Bill 66, which also amends the Health Professional Loan Repayment but differs in definition of a “health professional,” some parameters on awards, and other provisions.

Relates to Senate Bill 11, which establishes the Nurse Loan Repayment Act and appropriates funds to HED for purposes of the Act.

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

## **OTHER SUBSTANTIVE ISSUES**

In analysis of related legislation, House Bill 66 (HB66), the Health Care Authority 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.

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.

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