

Behavioral Health Capital Fund

Annual Report

FY 2025



Presented to

Governor Michelle Lujan Grisham

and the

New Mexico Legislature

BEHAVIORAL HEALTH CAPITAL FUND

Annual Report for Fiscal Year Ended June 30, 2025

The Behavioral Health Capital Fund is a revolving loan fund that was originally created to provide low-cost financing for capital equipment and infrastructure projects at behavioral health clinics in rural and underserved areas of the state. The program was expanded by SB 128 and SB 423 to make the fund more useful to behavioral healthcare providers in the state by expanding the definition of eligible entities, adding a contract for services component, and adding working capital as a use of the fund. The Behavioral Health Capital Fund (BHCF) is jointly administered by the New Mexico Finance Authority (NMFA) and the New Mexico Health Care Authority (HCA).

In 2019, Governor Michelle Lujan Grisham signed into law Senate Bill 128, the Local Government Behavioral Health Clinic Funding bill which expanded the definition of eligible entities by eliminating the asset size of non-profit providers and by including clinics owned by municipalities and counties.

In 2023, the program was modified again when SB 423 expanded the use of the BHCF to include working capital and realigned the responsibilities of NMFA and HCA in the administration of the program. The expansion of use means that BHCF loans can be used for salaries and other operating expenses instead of just capital needs. This is a critical improvement for providers, particularly for those who have the equipment and facilities they need, but who need flexible funds to be able to attract and retain staff and operate their clinic. SB 423 also amended the bill to name the New Mexico Health Care Authority as the agency with which NMFA will work to adopt the rules to administer and implement the act. The bill also amended the act to allow contracting for services instead of solely making loans as a means to accessing low-cost financing. The rules and policies governing the new uses and updates to the fund were promulgated by NMFA in December 2024.

The Behavioral Health Capital Fund was started with an initial appropriation of \$2,500,000. Since then, no additional capital has been provided to the fund, and the fund has a very small

amount of capital to provide new loans. In the 2025 Regular Session, the NMFA Oversight Committee endorsed HB 196 which would have provided additional capital to the fund. This proposed allocation to the fund did not pass.

Terms of Behavioral Health Capital Fund Loans

Loans from the Behavioral Health Capital Fund have a fixed interest rate of three percent (3%). Infrastructure loans are made for terms of up to 20 years. Equipment loan terms are based on the estimated useful life of the capital equipment and may not exceed ten years. The BHCF Rules and Regulations allow a borrower to enter into a contract-for-services agreement with HCA, which allows borrowers to satisfy a portion of the loan payments by providing care to sick and medically indigent patients at free or reduced fees. All BHCF borrowers to date have executed these agreements, allowing them a 20% percent forgiveness of the annual principal and interest payments in exchange for services provided. The agreement requires that HCA report to NMFA on the level of service provided by the BHCF borrowers and certify that all requirements under their contract-for-services agreement have been met. If services have not been adequate, the contract-for-services agreement will be terminated and total monthly payments due on the loan will be paid according to the loan agreement. To date, all borrowers have fulfilled their contract-for-services agreements.

Behavioral Health Capital Fund Loans

Through June 30, 2025, NMFA has made nine BHCF loans totaling approximately \$5 million, with five loans in repayment, three loans paid off, and one loan that was foreclosed with the funds recovered. The five loans in repayment are current and performing as agreed. The loan that was foreclosed happened when the healthcare organization closed, and NMFA used collateral from this loan to recoup the loan funds. Another healthcare organization in the same community was able to use the existing building and began serving the patient population, helping to ensure that the community still had access to behavioral healthcare. Although the BHCF currently has limited funds for new loans, the infrastructure for BHCF remains in place to continue improving the behavioral health of New Mexico communities in the future.

Behavioral Health Capital Fund Loans (as of 7/30/25)

| Loan Closing Date | Maturity | Borrower | Loan Amount | County |
|----------------------------------|-----------------|--|--------------------|---------------|
| 01/27/2009 | 02/01/2024 | Solace Crisis & Treatment Center, Inc. | \$480,000 | Santa Fe |
| 07/20/2009 | 08/01/2025 | La Clinica de Familia, Inc. | \$100,000 | Dona Ana |
| 08/10/2018 | 08/01/2033 | La Clinica de Familia, Inc. | \$1,600,000 | Dona Ana |
| 11/27/2013 | | Tri-County Community Services, Inc. | \$800,000 | Taos |
| 09/04/2020 | 12/01/2040 | Hidalgo County | \$250,000 | Hidalgo |
| 05/03/2022 | 06/01/2042 | Rio Grande Alcoholism Treatment Program, Inc. | \$565,000 | Taos |
| 08/01/2023 | 08/01/2043 | Sunrise Clinics | \$ 316,000.00 | Quay |
| 08/01/2023 | 08/01/2043 | Sunrise Clinics | \$ 387,000.00 | San Miguel |
| 05/15/2025 | 06/01/2045 | Casa de Salud | \$ 498,000.00 | Bernalillo |