

LFC Requester:	Allegra Hernandez, PhD
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 2/11/2025 *Check all that apply:*
Bill Number: SB 14 Original Correction
 Amendment Substitute

Sponsor: Sen. Duhigg **Agency Name and Code:** NM Hospital Association
Short Title: Health Care Consolidation & Transparency Act **Number:** _____
Person Writing: Julia Ruetten
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

The SHPAC substitute for SB 14 – Health Care Consolidation and Transparency Act makes several changes to the bill as introduced, but continues to unnecessarily include hospital transactions that do not involve changes to the control of the hospital, does not have a strong enough confidentiality provision, and continues to include unnecessary and unrelated ownership reporting requirements, therefore the NM Hospital Association, on behalf of our 47 hospital members continues to oppose the bill. The oversight provided for in this bill is unnecessary as reflected by the fact that a hospital has not closed in our state in more than 25 years and that hospital leaders, led by their community boards of directors, have made difficult but important decisions related to health care services and operations to ensure hospitals continue to serve their local communities. New Mexico is the fourth most under-bedded state (meaning few hospital beds per 1,000 residents) and any policy that could further reduce access to inpatient hospital care is not the direction our state should be heading.

The focus of this bill should be narrowed to include only transactions that change the ownership or majority control of a hospital and not, as is proposed in the bill, include transactions “that result[s] in a change of control of a hospital department, division or subsidiary that provides health care services.” (page 5, line 21) Though there is an exemption for these types of transaction if they are for less than 12 months (page 7, line 25), that these types of contracts (termed medical services contracts) are included at all is a broad overreach and could negatively impact access to care if a transaction is not approved in a timely manner because it would leave a hospital department without medical provider staffing. These types of staffing arrangements are used widely in our state’s hospitals to ensure adequate coverage of departments ranging from emergency departments to radiology to hospitalists. These contractors do not have any control over the hospital’s operations or finances and therefore should not fall under the scope of the bill.

Additionally, the bill overreaches into the daily operations of hospitals by broadly defining management services organizations (beginning on page 4, line 25) to include contractors that support or facilitate “the provision of health care services of the hospital as a whole or *those provided by a hospital division, department or subsidiary.*” Management services organizations provide administrative and operational expertise (not clinical) to hospitals that are not able to fill these types of positions on their own and therefore utilize the assistance of these specialists. The last section of the definition (page 5, lines 5-6) would capture contractors for areas of a hospital that do not control daily operations or direct patient care, such as an environmental services company or a contracted IT team. The definition should be amended to remove all of the language after the word “whole” on line 5.

We also have concerns about the confidentiality provided for in the bill (page 11, line 12). The bill states twice (on page 14, line 12 and on page 17, line 18) that the OSI can request

additional documentation needed to complete review of the transaction, but the bill is silent on how these documents will be handled in regard to confidentiality. Additionally, the OSI is provided with the authority to “audit the books, documents, records and data of a party to or the subject of a transaction or acquisition that is subject to a conditional approval to monitor the parties' compliance with the conditions established by the office...” (page 22, line 14) but the bill does not address how these records are to be treated for confidentiality if they are taken into the possession of the OSI. If additional documents obtained during the course of review or documents obtained in the conditional approval phase contain propriety, sensitive, or financial information then they should be provided full confidentiality. The Health Care Consolidation Oversight Act and the Insurance Holding Company Law provide complete confidentiality for similar transactions and there’s no reason that the same protection of records should not be granted to transactions involving hospitals. (*See* NMSA 1978, § 59A-63-4 and NMSA 1978, § 59A-37-24)

Lastly, Section 12 (page 30, line 20) is not relevant to the oversight of changes in control of hospital ownership that is the purpose of this bill. Hospitals already provide substantial ownership information in their annual license application to the Health Care Authority that can be used for this purpose. This section also contains conflicting language about its applicability for entities other than hospitals and would benefit from some clean-up amendments. For example, on page 30, line 22, it states that the annual ownership reporting requirement is applicable to “[e]ach hospital and health care provider organization...” but on page 31, line 18 it reads: “B. The following health care provider organizations are exempt from the reporting requirements... (2) any newly formed or existing health care provider organization.”

We believe that the 2024 Health Care Consolidation Oversight Act has, to this point, provided the Office of the Superintendent of Insurance with the tools necessary to review transactions involving the change in ownership of hospitals operating in New Mexico and we do not see a need to significantly expand the scope or authority granted in the law at this time.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS