

LFC Requester:**Eric Chenier****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:** 1/29/25*Check all that apply:***Bill Number:** SB176Original Correction Amendment Substitute **Sponsor:** Sen. Hickey**Agency Name****and Code** HCA-630**Number:****Short** Limits on Malpractice Awards**Person Writing** Chris Bartsch, RN**Title:** and Fees**Phone:** 505-795-3781 **Email** christopher.bartsch@hca.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0	\$0	NA	NA

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0	\$0	TBD	Recurring	Patient Compensation Fund
\$0	\$0	TBD	Recurring	Patient safety improvement fund

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	\$0.0	\$0.0	\$0.0	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Not known
Duplicates/Relates to Appropriation in the General Appropriation Act: Not known

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 176 (SB176) aims to reform the state's medical malpractice laws. Some key points in the bill include:

- Patient Compensation Fund (PCF): The bill proposes ending lump-sum payouts from the PCF and instead would require payments to be made as expenses are incurred.
- Attorney Fees: The bill would cap attorney fees in medical malpractice lawsuits, following the California model, which caps fees at 25% of the money awarded if a case is settled, and 33% if it goes to trial.
- Punitive Damages: 75% of any punitive damages awarded in medical malpractice cases would be directed to a new public fund designed to improve patient safety.
- Medical Malpractice Limits: The bill sets limits on the amount recoverable in malpractice claims, adjusted annually by the consumer price index.

SB176 would create the “patient safety improvement fund” to consist of distributions, appropriations, gifts, grants, donations, and receipts from punitive damage awards in medical malpractice claims. The fund would be administered by the Department of Health.

Beginning January 1, 2027, any amounts due for a judgment or settlement against a hospital or outpatient health care facility would not be paid from the fund if the injury or death occurred after 12/31/26.

FISCAL IMPLICATIONS

None for the Health Care Authority (HCA).

SIGNIFICANT ISSUES

None for the HCA.

PERFORMANCE IMPLICATIONS

The bill could have a performance impact on the HCA regarding potential system changes and processes to monitor and handle Medicaid claims related to settlements and judgments. The HCA would need to collaborate with DOH as the fund manager regarding claims for Medicaid members.

ADMINISTRATIVE IMPLICATIONS

See Performance Implications.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None known

TECHNICAL ISSUES

None for the HCA.

OTHER SUBSTANTIVE ISSUES

Dentists are not included in the list of provider types.

ALTERNATIVES

None suggested.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None known.