

1 SENATE BILL 263

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 Martin Hickey

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9  
10 AN ACT

11 RELATING TO INSURANCE; ENACTING A NEW SECTION OF THE PRIOR  
12 AUTHORIZATION ACT TO REQUIRE HEALTH INSURERS TO ESTABLISH  
13 PROCEDURES TO GRANT EXEMPTIONS FROM THEIR PRIOR AUTHORIZATION  
14 PROCESS FOR HEALTH CARE PROVIDERS THAT MEET CERTAIN CRITERIA.

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16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. Section 59A-22B-1 NMSA 1978 (being Laws 2019,  
18 Chapter 187, Section 3) is amended to read:

19 "59A-22B-1. SHORT TITLE.--~~[Sections 3 through 7 of this~~  
20 ~~act]~~ Chapter 59A, Article 22B NMSA 1978 may be cited as the  
21 "Prior Authorization Act"."

22 SECTION 2. A new section of the Prior Authorization Act  
23 is enacted to read:

24 "[NEW MATERIAL] PROCESS FOR GRANTING EXEMPTIONS FROM PRIOR  
25 AUTHORIZATION PROCESS CREATED--APPLICATIONS--ELIGIBILITY--

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1 RESCISSION--INDEPENDENT REVIEW.--

2 A. For purposes of this section, "evaluation  
3 period" means a six-month period beginning each January and  
4 each June.

5 B. A health care provider may apply to a health  
6 insurer for an exemption from its prior authorization process  
7 for a health care service. A health insurer shall grant the  
8 exemption request if, in the evaluation period prior to the  
9 exemption request, no less than ninety percent of the health  
10 care provider's prior authorization requests for that health  
11 care service have been approved upon initial submission or  
12 after appeal.

13 C. A health insurer shall provide a written  
14 approval or denial of the prior authorization exemption request  
15 no later than ten business days after receipt of the request.

16 D. When a health care provider's prior  
17 authorization exemption request is denied, a health insurer  
18 shall provide an explanation for the denial, including data,  
19 that sufficiently demonstrates how the request failed to meet  
20 the criteria established pursuant to Subsection A of this  
21 section.

22 E. When a health care provider's prior  
23 authorization exemption request is approved, a health insurer  
24 shall provide the health care provider with information  
25 regarding the rights and obligations of the parties, including

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1 the effective date of the prior authorization exemption.

2 F. Once, during each evaluation period, a health  
3 insurer may determine whether to continue or rescind a health  
4 care provider's prior authorization exemption.

5 G. A health insurer shall not rescind a health care  
6 provider's prior authorization exemption unless the health  
7 insurer:

8 (1) determines that less than ninety percent  
9 of the claims submitted by the health care provider during the  
10 previous evaluation period would have met the applicable  
11 medical necessity criteria, based on a retrospective review of  
12 a random sample of not fewer than five but no more than twenty  
13 claims; and

14 (2) provides the health care provider with  
15 written notice not less than twenty-five days before the  
16 rescission is to take effect, including an explanation and the  
17 sample information used to make the determination.

18 H. A health care provider has a right to a request  
19 an independent review of the determination to rescind a prior  
20 authorization exemption.

21 I. A health insurer shall not require a health care  
22 provider to engage in an internal appeal process before  
23 requesting an independent review of the determination to  
24 rescind a prior authorization exemption.

25 J. An independent review organization shall

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1 complete a review of an adverse determination no later than  
2 thirty days after the date a health care provider files a  
3 request for the review.

4 K. A health care provider may request that the  
5 independent review organization conduct a review of another  
6 sample of claims using the process described in Subsection G of  
7 this section.

8 L. The independent review shall be conducted by a  
9 person licensed to practice medicine in this state. If the  
10 rescission applies to a physician, the determination shall be  
11 made by a person licensed to practice medicine in this state  
12 who practices in the same or similar specialty as the physician  
13 requesting the review.

14 M. The health insurer shall pay:

15 (1) for an independent review of the adverse  
16 determination; and

17 (2) a reasonable fee, determined by the New  
18 Mexico medical board, for any copies of medical records or  
19 other documents requested from the health care provider that  
20 are necessary for conducting the independent review.

21 N. The parties shall be bound by an independent  
22 review organization's decision.

23 O. If an independent review organization overturns  
24 the health insurer's determination to rescind a prior  
25 authorization exemption, the health insurer shall not attempt

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1 to rescind that exemption until the beginning of the next  
2 evaluation period.

3 P. If an independent review organization affirms  
4 the health insurer's determination to rescind a prior  
5 authorization exemption:

6 (1) the health insurer shall not retroactively  
7 deny any prior authorization granted on the basis of a  
8 rescission of a prior authorization exemption; and

9 (2) a health care provider shall be eligible  
10 to apply for a new prior authorization exemption during the  
11 evaluation period that follows the evaluation period that  
12 formed the basis of the rescission."

13 SECTION 3. EFFECTIVE DATE.--The effective date of the  
14 provisions of this act is January 1, 2026.