

LFC Requester:	Mercer-Garcia
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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: 1.22.25 *Check all that apply:*
Bill Number: HB0066 Original Correction
 Amendment Substitute

Sponsor: Pamelya Herndon **Agency Name and Code** General Services Department - 350
Short Title: Workers Compensation Changes **Number:** _____
Person Writing Jeannette Chavez
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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: Similar to 2023 HB 455
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY – this bill puts forth monetary changes to associated costs/charges/fee related to workers compensation claims.

Synopsis: The bill would (1) increase the limit on employer-paid discovery expenses from \$3,000 to \$6,000; and (2) increase the cap on workers' compensation attorneys' fees from \$22,500 to \$30,000 for 2025, and thereafter adjusted according to the Consumer Price Index (CPI).

FISCAL IMPLICATIONS

Note: HB66 would substantially increase the costs associated with workers' compensation claims by doubling the limit on up-front discovery costs to employers; and by raising the cap on workers' compensation attorneys' fees.

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

SIGNIFICANT ISSUES

52-1-54. FEE RESTRICTIONS--APPOINTMENT OF ATTORNEYS BY THE DIRECTOR OR WORKERS' COMPENSATION JUDGE--DISCOVERY COSTS--OFFER OF JUDGMENT--PENALTY FOR VIOLATIONS. This bill would increase discovery cost limits from \$3,000 to \$6,000 and raise the attorney fee cap from \$22,500 to \$30,000 in calendar year 2025. After 2025, the maximum allowable attorneys' fees would be adjusted annually by the consumer price index.

During the 2023 60-day session, HB455 aimed to raise these same caps to account for the effects of inflation. (HB455 would have raised the discovery cap to \$10,000 and raised the attorney fee cap to \$32,500.) HB455 did not progress beyond the initial legislative hearings. This led to NM House Memorial 83, the formation of a task force to review and study fees and caps and their impact on access to justice for workers. The task force recommended increasing these fee limits to better reflect economic realities and inflationary pressures since these values were last increased in 2013. The state's increased minimum wage has resulted in workers receiving higher TTD and indemnity payments compared to 2013, offsetting some of the increased costs that would come with higher fees and caps. In addition, any reduction in a worker's net award is mitigated by the 50-50% split of attorney fees in most WC cases.

The realities of workers' compensation legal practice may justify a substantial increase in the cap on attorneys' fees but doubling the cap on up-front discovery costs would be costly and provide only a marginal benefit to affected employees. The task force recommendation is consistent with this view; it recommended a more modest increase in the up-front discovery cost cap from \$3,000 to \$3,500. The task force's recommendation is supported by one attorney survey which suggested that the \$3,000 limit is exceeded infrequently. Internal claims expense data also support a more measured increase in the discovery cap.

PERFORMANCE IMPLICATIONS

NA

ADMINISTRATIVE IMPLICATIONS

NA – GSD would continue to process claims as is

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

NA

TECHNICAL ISSUES

NA

OTHER SUBSTANTIVE ISSUES

A study found that 83.5% of cases did not hit the fee cap, 4.4% hit the fee cap and 12.1% might have hit the fee cap.

ALTERNATIVES

No action, reduction, or higher caps

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo will remain in place

AMENDMENTS