**LFC Requestor:** Self Assigned

**2025 LEGISLATIVE SESSION**
**AGENCY BILL ANALYSIS**

**Section I: General**

**Chamber:** Senate
**Category:** Bill
**Number:** 176
**Type:** Introduced

**Date** (of **THIS** analysis)**:** 01/31/2025
**Sponsor(s):** Martin Hickey, Pat Woods
**Short Title:** Medical Malpractice Changes

**Reviewing Agency:** Agency 665 - Department of Health
**Analysis Contact Person:** Arya Lamb
**Phone Number:** 505-470-4141
**e-Mail:** Arya.Lamb@doh.nm.gov

**Section II: Fiscal Impact**

**APPROPRIATION (dollars in thousands)**

| Appropriation Contained | | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|
| FY 25 | FY 26 | | |
| $0 | $0 | N/A | N/A |
| | | | |

**REVENUE (dollars in thousands)**

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|---|
| FY 25 | FY 26 | FY 27 | | |
| $0 | $0 | $0 | N/A | N/A |
| | | | | |

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

| | FY 25 | FY 26 | FY 27 | 3 Year Total Cost | Recurring or Non-recurring | Fund Affected |
|---|---|---|---|---|---|---|
| **Total** | $0 | $0 | $0 | $0 | N/A | N/A |
| | | | | | | |

**Section III: Relationship to other legislation**

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

**Section IV: Narrative**

**1. BILL SUMMARY**

a) Synopsis

Senate Bill (SB176) would make changes to the Medical Malpractice Act and the Patient Compensation Fund (PDF). SB176 would:

- Limit compensation to attorneys to 25% if settled and 33% of award if the case goes to trial.
- Payouts from the patient compensation fund would be limited to pay out as expenses are incurred and no longer allow a lump sum payout meant to cover future treatments.
- Require that in cases where there are punitive damages that 75% of punitive damages would go the State of New Mexico into the newly created Patient Safey Improvement Fund which would be appropriated to the Department of Health to be used to improve patient safety and outcomes.

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SB176 would require the department of health to administer the "patient safety improvement fund" to address patient safety.

Is this an amendment or substitution? ☐ Yes ☒ No.

Is there an emergency clause? ☐ Yes ☒ No

b) Significant Issues

Many states have sought changes to their medical malpractice laws to reduce the cost of malpractice insurance in their state. Potential rate hikes or inaccessibility to medical malpractice insurance can significantly impact smaller, independent medical providers, (https://www.kob.com/new-mexico/4-investigates-doctors-warn-malpractice-changes-could-drive-providers-out-of-new-mexico/) which often serve rural communities. This often leaves these practices with no option but to close or to merge with a larger health care

business which can mean closure if the practice is not deemed to be economically sustainable.

**2. PERFORMANCE IMPLICATIONS**

- Does this bill impact the current delivery of NMDOH services or operations?

  ☐ Yes ☒ No

- Is this proposal related to the NMDOH Strategic Plan? ☐ Yes ☒ No

  ☐ **Goal 1**: We expand equitable access to services for all New Mexicans

  ☐ **Goal 2**: We ensure safety in New Mexico healthcare environments

  ☐ **Goal 3**: We improve health status for all New Mexicans

  ☐ **Goal 4**: We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

**3. FISCAL IMPLICATIONS**

- If there is an appropriation, is it included in the Executive Budget Request?

  ☐ Yes ☐ No ☒ N/A

- If there is an appropriation, is it included in the LFC Budget Request?

  ☐ Yes ☐ No ☒ N/A

- Does this bill have a fiscal impact on NMDOH? ☒ Yes ☐ No

Potential to increase funding for patient safety with the creation of the patient safety fund.

**4. ADMINISTRATIVE IMPLICATIONS**

Will this bill have an administrative impact on NMDOH? ☐ Yes ☒ No

**5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP**

None

**6. TECHNICAL ISSUES**

Are there technical issues with the bill? ☐ Yes ☒ No

**7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)**

- Will administrative rules need to be updated or new rules written? ☐ Yes ☒ No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? ☐ Yes ☒ No
- Does this bill conflict with federal grant requirements or associated regulations? ☐ Yes ☒ No

- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? ☐ Yes ☒ No

**8. DISPARITIES ISSUES**
None

**9. HEALTH IMPACT(S)**
None

**10. ALTERNATIVES**
None

**11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?**
If SB 176 is not enacted, medical malpractice laws will remain, and there will not be a patient safety fund created.

**12. AMENDMENTS**
None