

LFC Requestor: KLUNDT, Kelly

2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: Senate
Number: 450

Category: Bill
Type: Introduced

Date (of THIS analysis): 02/20/2025

Sponsor(s): Antoinette Sedillo Lopez

Short Title: CORPORATE PRACTICE OF MEDICINE ACT

Reviewing Agency: Agency 665 - Department of Health

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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 450 (SB450) proposes to enact a Corporate Practice of Medicine Act, which would allow private citizens to bring litigation against healthcare entities such as hospitals, healthcare providers, and facilities that interfere with the professional judgment of the healthcare provider.

The Sections are as follows:

- Section 1: the act cited as “Corporate Practice of Medicine Act”.
- Section 2: “Definitions” to include:
 - o Federally Qualified Health Center
 - o Healthcare entity
 - o Healthcare facility
 - o Healthcare provider
 - o Healthcare services
 - o Healthcare staffing company
 - o Hospital
 - o Independent healthcare practice
 - o Long-term care facility
 - o Management services organization
 - o Telemedicine provider
- Section 3: “Prohibitions” of a healthcare entity that shall not indirectly or directly interfere with, control, or otherwise directly the professional judgment or clinical decisions of a healthcare provider.
- Section 4: “Private Right of Action – Damages – Enforcement by Attorney General”

The effective date of the provisions of this act is July 1, 2025.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

SB450 proposes to allow private citizens to bring litigation against healthcare entities, which are defined as individuals or organizations providing or supporting healthcare services in New Mexico. This includes hospitals, healthcare providers, in-state and out-of-state telemedicine providers, healthcare staffing companies, healthcare provider organizations, healthcare facilities, management services organizations, and organizations of healthcare providers or

facilities. Federally Qualified Health Centers (FQHCs) and independent healthcare practices would be exempt from such litigation.

The bill seeks to expand oversight of healthcare mergers by discouraging corporate health systems from implementing policies that may interfere with provider expertise and potentially harm patients. Under the Corporate Practice of Medicine Act, healthcare entities are prohibited from interfering with a provider's professional judgment in medical decision-making. If such interference results in patient harm, it could serve as grounds for civil action.

Nationally, there is a growing trend of private equity investment in healthcare systems. When corporatization is excessive, it has been linked to reduced access to care, particularly in rural areas (<https://www.hhs.gov/sites/default/files/hhs-consolidation-health-care-markets-rfi-response-report.pdf>), as well as increased patient harm (https://www.nber.org/system/files/working_papers/w28474/w28474.pdf?mc_cid=1ac7938bfa&mc_eid=ad3f4c1ead).

The American Academy of Emergency Medicine has raised concerns about the impact of disproportionate corporate influence on healthcare, citing cost-cutting measures that may affect patient safety, the erosion of physician autonomy, increased administrative burdens, and reduced access to care (<https://www.aaem.org/the-corporate-practice-of-medicine-protecting-patient-care-and-physician-autonomy/>).

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

4. ADMINISTRATIVE IMPLICATIONS

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

State-run healthcare providers are exempt from the Corporate Practice of Medicine Act.

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)

SB450 has the potential to increase patient quality of care which would positively impact the public's health. However, since New Mexico would be the first in the nation to enact this type of law, it may discourage corporatization of healthcare sites in the state which might otherwise not of the fiscal resources to remain open. This would then decrease access to healthcare for patients already facing barriers to care—those often in rural areas where options for care are already limited.

10. ALTERNATIVES

None.

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If SB450 is not enacted, then the Corporate Practice of Medicine Act will not be enacted, and patients will not be able to sue corporate health care entities in the state for causing injury as a result of corporate policy that interferes with employed providers' health care decisions and authority.

12. AMENDMENTS

None.