

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

BILL NUMBER: House Bill 241

SHORT TITLE: Medical Malpractice Court Notices

SPONSOR: Lujan/Herndon/Szczeplanski

LAST UPDATE: _____ **ORIGINAL DATE:** 02/03/26 **ANALYST:** Rommel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMMB	No fiscal impact	\$133.1	\$135.2	\$268.3	Recurring	Other state funds
AOC	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal		Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 99

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

New Mexico Medical Board

Office of the Superintendent of Insurance

Administrative Office of the Courts

Agency or Agencies That Were Asked for Analysis but did not Respond

New Mexico Attorney General's Office

SUMMARY

Synopsis of Choose an item.

House Bill 241 (HB241) amends the Medical Practice Act, Section 66-6-1 NMSA 1978 et. seq. as follows:

- 1) Section 61-6-15.1(C) NMSA 1978 (governing summary suspension or restriction of license): provides that a person whose license is suspended or restricted under this section is entitled to a hearing by the New Mexico Medical Board (hereinafter "board") pursuant to the

Uniform Licensing Act within 30 days, rather than 15, from the date the licensee requests a hearing.

- 2) Section 61-6-16 NMSA 1978 (governing reporting of malpractice claims, settlements and judgments, professional review actions and acceptance of surrendered license, immunity from civil damages and penalties): requires, when a malpractice claim is filed in a court of New Mexico, the court to notify the board of any licensees named as defendants in the lawsuit. Under HB241, the court is required to notify the board if a claim against a licensee is dismissed, or if a claim is amended to no longer include a licensee as a defendant. The bill further requires a malpractice claim that results in at least \$1 million in payments to be reviewed by the board. Subsection D requires the board to maintain a database of all notification reports made to the board pursuant to this section and specifies what the database is to display, including all payments made by or on behalf of a licensee as a direct result of the licensee's care and any disciplinary actions taken against the licensee.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The New Mexico Medical Board (NMMB) would require additional legal staffing to comply with the legislation. The board may experience additional costs associated with administrating the provisions of HB241. The board has noted increased legal services costs pursuant to its statutory duties in recent fiscal years. For FY27, the board requested \$100 thousand additional budget adjustment authority to address increased costs of contractual legal services. This authority is included in the HAFC substitute for House Bill 2, the General Appropriation Act.

NMMB further notes:

Implementation would require significant increase in [staffing], including professional staff (i.e., attorneys) to analyze notifications from courts, conduct claim reviews, manage data accuracy, respond to inquiries, and address disputes. New positions may include attorneys, investigators, and administrative support. Specialty-specific clinical reviewers and professionals may be required for complex cases, increasing personnel or contractual costs.

AOC notes that additional fiscal impact on the judiciary would be related to the court's notification to the New Mexico Medical Board, which should be minor. New laws, amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.

SIGNIFICANT ISSUES

OSI notes that Section 2 obligates the board to review any malpractice claim that results in at least \$1 million in payments. Most settlement agreements contain a confidentiality provision which prohibits the parties from disclosing the financial terms of the settlement. This practice could frustrate the effectiveness of the proposed legislation.

House Bill 241 – Page 3

The proposed legislation would bring the NMMB in line with other states' medical licensing laws, as well as the practices encouraged by the Federation of State Medical Boards, to publish on individual licensees' public-facing profiles including each licensee's exposure to medical malpractice claims.

NMMB further notes:

The New Mexico Medical Malpractice Act, Section 41-5-27, NMSA 1978, already requires reporting of "judgments" arising under that Act. At this time, the NMMB is not receiving reports from the courts as appear to be required by this statute. For that reason, the NMMB recently sent a letter to all New Mexico District Court Clerk's Offices and the Administrative Office of the Courts requesting that New Mexico state courts comply with the requirements of this statute.

ADMINISTRATIVE IMPLICATIONS

NMMB notes the following:

Under the proposed legislation, the New Mexico Medical Board would be required to promulgate and amend rules in order to incorporate the changes made by HB241. Automatic review of qualifying claims may significantly increase the Medical Board's workload. Without additional staffing, funding, or access to specialty-specific clinical expertise, the Board may experience delays or backlogs. This could reduce the Board's ability to prioritize complaints involving ongoing or systemic risks to patient safety.

HB241 requires the Medical Board to implement and maintain a database of malpractice claim notifications and outcomes. This raises concerns regarding data standardization, verification, and accuracy, particularly where information is reported by multiple entities, including insurers, hospitals, and licensees. The proposal does not establish procedures for correcting errors, updating case status, or removing dismissed claims, nor does it identify mechanisms for resolving disputed information.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to House Bill 99, which proposes several changes to the Medical Malpractice Act.

HLR/cf /ct