Dona Ana County Medical Society: The Cost of Medical Practice in New Mexico

Presentation to the Revenue Stabilization and Tax Policy Committee
December 15, 2025

Introductions

Dr. John Andazola, MD, FAAFP

- Chief Medical Officer, La Clinica de Familia
- Chair, Graduate Medical Education Expansion Board for State of New Mexico

Dr. Arthur Berkson, MD

- Diplomate American Board of Family Medicine
- President, Doña Ana County Medical Society
- Owner/President, Integrative Medical Center of New Mexico

Dr. Lookman Lawal, MD, MHCDS, FACC, FHRS

- Board Certified in Cardiology and Electrophysiology
- Assistant Professor of Medicine, Texas Tech University Health Sciences Center and Burrell College of Osteopathic Medicine
- Chair, Legislative Committee, Doña Ana County Medical Society
- President/Founder, Southwestern Cardiac Arrhythmia Institute, New Mexico

Dr. Jana G. Williams, MD

- Board Certified, American Board of Pediatrics
- Certified Culinary Medicine Specialist
- Owner/Pediatrician, Full Bloom Pediatrics
- Owner/Physician, Thrive MD Las Cruces
- Medical Director, Shape Health

EXODUS PYRAMID

Medical Malpractice

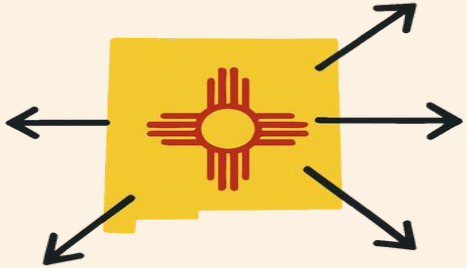
GRT

Loss in Reimbursement
(Medicaid, Insurance, Medicare)

Increased Expenses
Employee wages,
Health Ins Premiums

NM Standings
Education,
Crime

Salary



Lack of Patient Access

Sell to Private Equity or Leave the State

Costs of Running an Office

Facility Costs:

- Rent/Mortgage
- Utilities
- Janitorial/Linen/Shredding

People Costs:

- Employee Wages (Front Desk $18/hour, Medical Assistants $16-$21/hour, CNP/PA $55-65/hour)
- Taxes: GRT, Payroll Taxes and Mandatory Contributions
- Benefits (Health ($400-$800 per month, Retirement (3% of wages), PTO)

Insurance & Professional Fees

- Medical Malpractice
  - Patient Compensation Fund, $600,000 Cap, Excludes Punitive Damages and Medical Expenses
- General Liability, Workers' Comp, Cyber
  - Professional Services (Accounting, Bookkeeping, Legal, Billing)

IT, EHR, Equipment

- EHR
- IT and Communications
- Medical Office Equipment

Supplies, Labs, Clinical Costs

- Medical and Office Supplies (3-7% of collections)
- Vaccines/Medications/In-Office Labs

Licensing Dues

- State License, DEA, Controlled Substance Registration, Board Certification Fees, CME, Society Dues

NM-Specific Gross Receipts Tax

- State Rate of about 5.125% + Local Rates

Marketing, Administration, Etc

- Website, Ads, Banking/Credit Card Fees, Other Office Stuff

Problem in Recruiting

Monthly Level of Operations Form

MONTHLY SUMMARY

Recruitment Activity	Nov-25	General Lead				Applications				Referrals				Placements			
		Last Month	Current Month	Last YTD	YTD	Last Month	Current Month	Last YTD	YTD	Last Month	Current Month	Last YTD	YTD	Last Month	Current Month	Last YTD	YTD
	Physicians	149	124	965	1165	6	27	46	59	95	166	251	445	0	1	12	2
	NP	36	169	229	395	3	4	22	14	32	29	204	181	0	0	6	0
	Nurse Midwives	1	0	5	7	0	0	1	0	0	0	0	0	0	0	0	0
	PA	15	20	37	147	1	3	6	13	8	13	46	69	1	0	2	1
	Dentists	48	13	136	126	1	1	8	9	10	22	157	173	1	1	12	8
	RdH	5	0	17	7	0	0	1	0	0	0	7	0	0	0	0	0
	Other	46	38	134	180	7	3	23	26	47	19	71	214	0	0	0	0
	TOTALS	300	364	1523	2027	18	38	107	121	192	249	736	1082	2	2	32	11

Vacancies Identified		Last Month	Current Month
	Physicians	266	267
	FNP	78	80
	Nurse Midwives	3	3
	PA	36	36
	Dentists	66	67
	RdH	26	26
	Other	387	394
	TOTALS	862	873

Professionals in Database	Total Active Files	14769	14796

Staffing			
	Professionals	4	4
	Support (FTE)	0	0

Preparer: Melissa Candelaria

Placements to Referrals Ratio Current Month
0.008

Placements/Application Current Month
0.153

Every vacancy means 1,500-4,000 New Mexicans are needing a doctor.

National Problem But New Mexico's Problem Is Bigger

From 2019-2024, estimated 248 net loss of doctors (-8.1%) while the US gained 44,272 doctors (+7.3%)

32/33 New Mexico counties are Health Professional Shortage Areas

New Mexico has the oldest physician workforce in the nation (39% of doctors are 60 y/o+ and expected to retire by 2030)

Sources: 1) Physicians Advocacy Institute. Physician Employment trends in the US and in New Mexico: Similarities and Differences.
2) U.S. Department of Health and Human Services.
3) Physician workforce in the United States of America: forecasting nationwide shortages. Xiaoming Zhang, Daniel Lin, High Pforsich & Vernon W. Lin. Human Resources for Health volume 18, Article number:8 (2020).

Where are we?

We owe it to all New Mexicans to *outcompete* surrounding states in physician recruiting and retention.

Accomplishments: Burrell College of Osteopathic Medicine, UNM BA→MD program, expansion of medical school classes, creating a Medicaid trust fund (SB 88), temporary elimination of GRT on Copays

To-Do List: New Mexicans deserve healthcare so enact legislation to make New Mexico a place doctors want to practice by reforming extremist malpractice policies, eliminate GRT, continue to raise Medicaid reimbursement, grow our own physicians and nourish the environment to keep them here

Where Can The State Legislature Help Immediately?

Facility Costs:

- Rent/Mortgage
- Utilities
- Janitorial/Linen/Shredding

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Marketing, Administration, Etc.

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Payments

New Mexico has a high Medicaid population that deserves care but low Medicaid reimbursement

New Mexico has low Medicare geographic correction

Paying taxes on services and products

Eliminate Gross Receipts Taxes on Healthcare

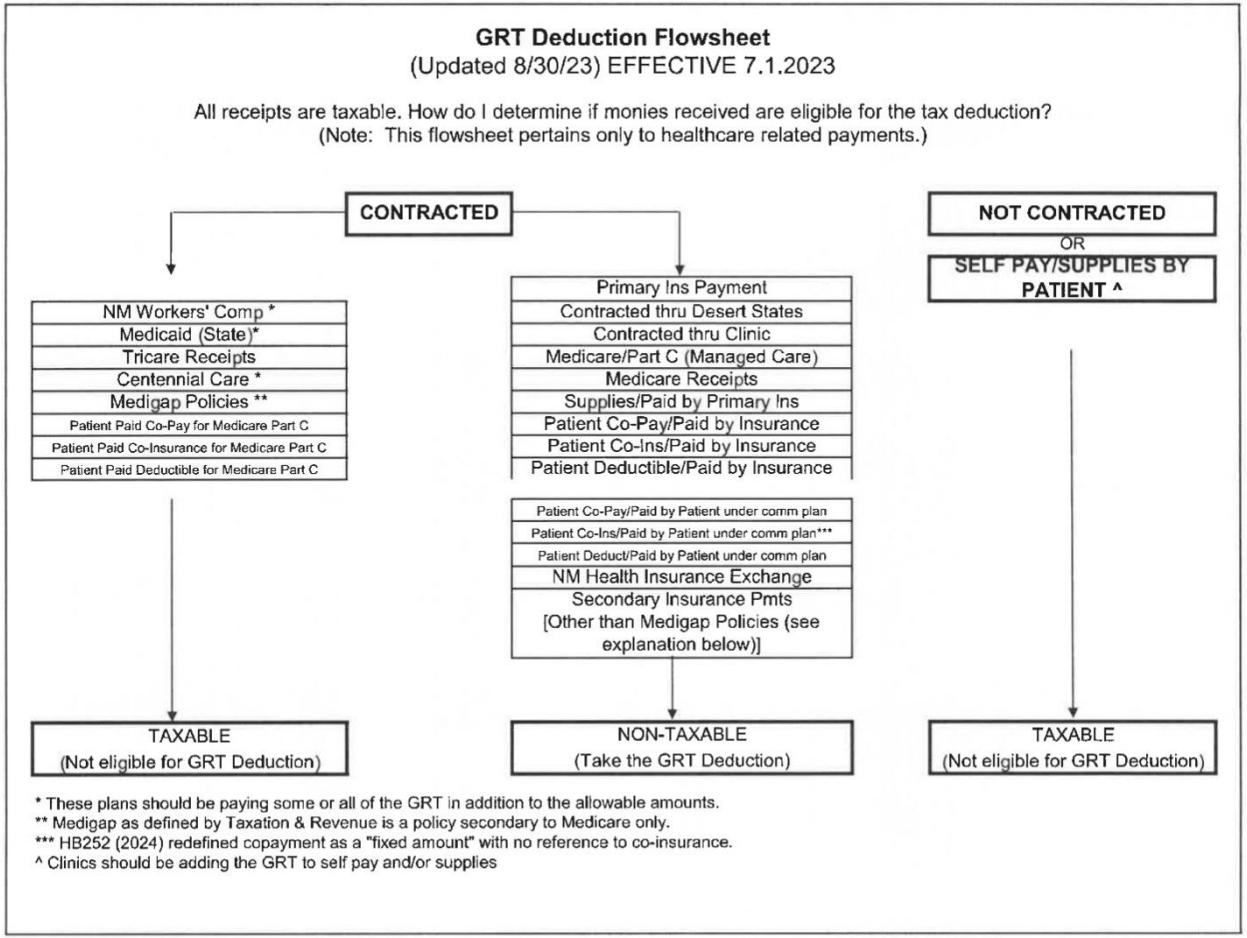
States That Charge GRT on Healthcare

- New Mexico (5.125%+local rates, for Las Cruces 8.39%)
- Hawaii (4%)

States That Do Not Charge Significant GRT on Healthcare

Alabama
Alaska
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
Florida
Georgia
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
Nebraska
Nevada
New Hampshire
New Jersey
New York
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
Pennsylvania
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming

GRT is Complicated



GRT Deduction Flowsheet
(Updated 8/30/23) EFFECTIVE 7.1.2023

All receipts are taxable. How do I determine if monies received are eligible for the tax deduction?
(Note: This flowsheet pertains only to healthcare related payments.)

CONTRACTED

- NM Workers' Comp *
- Medicaid (State)*
- Tricare Receipts
- Centennial Care *
- Medigap Policies **
- Patient Paid Co-Pay for Medicare Part C
- Patient Paid Co-Insurance for Medicare Part C
- Patient Paid Deductible for Medicare Part C

→ **TAXABLE** (Not eligible for GRT Deduction)

CONTRACTED

- Primary Ins Payment
- Contracted thru Desert States
- Contracted thru Clinic
- Medicare/Part C (Managed Care)
- Medicare Receipts
- Supplies/Paid by Primary Ins
- Patient Co-Pay/Paid by Insurance
- Patient Co-Ins/Paid by Insurance
- Patient Deductible/Paid by Insurance
- Patient Co-Pay/Paid by Patient under comm plan
- Patient Co-Ins/Paid by Patient under comm plan***
- Patient Deduct/Paid by Patient under comm plan
- NM Health Insurance Exchange
- Secondary Insurance Pmts [Other than Medigap Policies (see explanation below)]

→ **NON-TAXABLE** (Take the GRT Deduction)

NOT CONTRACTED
OR
SELF PAY/SUPPLIES BY PATIENT ^

→ **TAXABLE** (Not eligible for GRT Deduction)

* These plans should be paying some or all of the GRT in addition to the allowable amounts.
** Medigap as defined by Taxation & Revenue is a policy secondary to Medicare only.
*** HB252 (2024) redefined copayment as a "fixed amount" with no reference to co-insurance.
^ Clinics should be adding the GRT to self pay and/or supplies

NM Medical Malpractice Laws Increase Cost & Adversely Affect Access to Care

Injured patients deserve the right to litigation and economic recovery

New Mexico has the lowest burden of proof (“preponderance of evidence” vs. “clear and convincing evidence”)

Punitive damages are unlimited and have low burden of proof

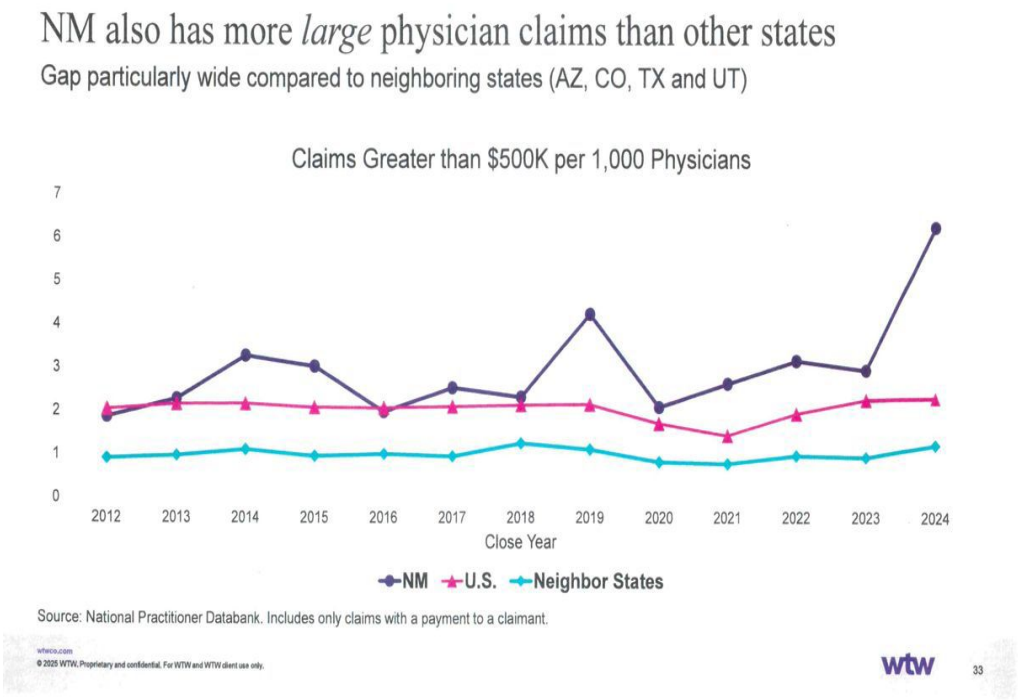
Venue shopping increases costs and payouts

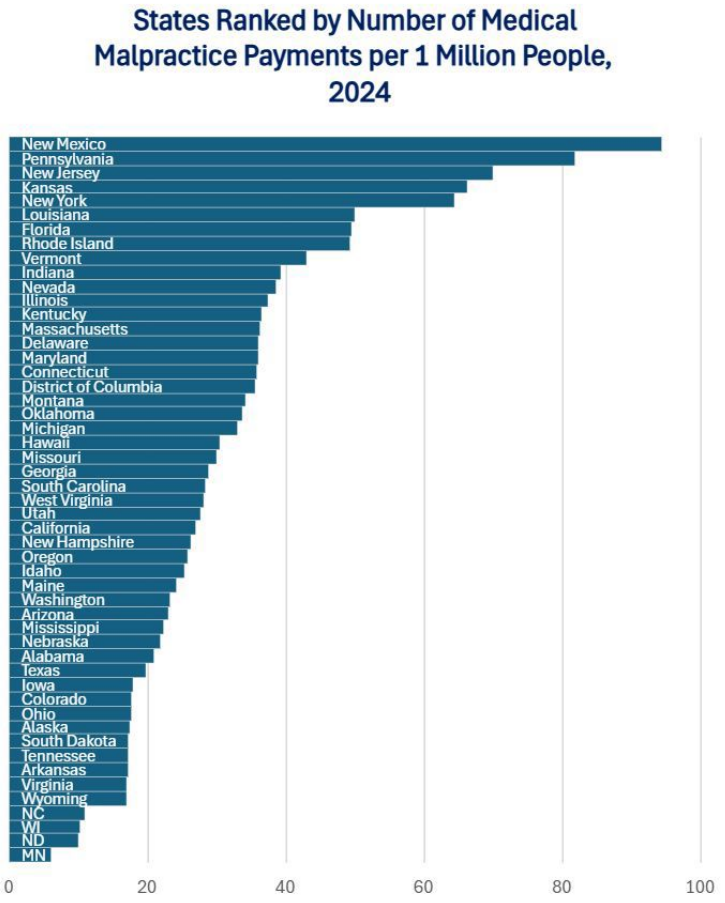
Lump sum payments are harmful for patients but benefit attorneys

Medical Review Commission decisions cannot be admitted to trial

Attorney fees are uncapped

Medical Malpractice: How does NM Compare





Source: Emilie R. Dubois. NM Medical Professional Liability (MPL) Summit - NM Overview. September 12, 2025.

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2023 Medical Malpractice Insurance Loss Ratio by State

State	Loss Ratio
New Mexico	**223.1%**
Idaho	178.5%
Wyoming	122.3%
Oregon	120.6%
South Carolina	119.7%
North Dakota	105.1%
Utah	99.7%
Montana	99.2%
Alabama	97.4%
Hawaii	97.1%
Maine	97.0%
South Dakota	96.7%
Illinois	96.7%
Iowa	96.1%
Connecticut	92.3%
Alaska	91.0%
Minnesota	90.2%
Nevada	89.8%
New York	89.7%
Pennsylvania	87.7%
Massachusetts	87.6%
Rhode Island	84.1%
Washington	83.4%
Kentucky	82.4%
US Average	**76.2%**
Vermont	76.0%
Oklahoma	75.7%

State	Loss Ratio
Georgia	74.0%
New Hampshire	71.4%
California	71.4%
Florida	68.7%
Michigan	68.5%
Wisconsin	67.6%
Tennessee	67.6%
Indiana	66.8%
Arizona	66.3%
Colorado	60.2%
New Jersey	58.6%
Texas	58.3%
Maryland	57.6%
Delaware	57.2%
Missouri	57.0%
Kansas	55.0%
North Carolina	54.5%
District of Columbia	51.1%
Virginia	47.4%
Louisiana	47.1%
Nebraska	45.5%
West Virginia	40.2%
Arkansas	37.5%
Ohio	37.1%
Puerto Rico	35.8%
Mississippi	33.7%

Source: 2024 Medical Malpractice Financial Information: Annual Report. Florida Office of Insurance Regulation. October 1, 2024.

The Cost of Practicing Medicine

Insurance Company Challenges

Corporate Medicine

Gross Receipts Tax

Malpractice Insurance

Cost of Providing Care in New Mexico

Insurance Coverage in New Mexico (KFF)

Coverage	Medicaid	Medicare	Private	Selfpay
	40%	16%	37%	10%

Cost of Providing Care in New Mexico

Percentage of patients with private insurance compared to neighboring states

State	Private Insurance Coverage (2023) KFF
New Mexico	37%
Arizona	46.6%
Utah	60.4%
Colorado	52.2%
Texas	47.4%

Cost of Providing Care in the United States

Insurance company challenges

- We care for patients, then we hire staff to determine how to collect payment for our work
- There is no standard way to bill insurance - codes and modifiers differ by payer and you must have staff that stay on top of this and know the differences between payors
- Each insurance company has a different online portal - used to research claims and make prior authorizations. With the automated systems in place, it is harder to reach a customer service representative to better understand an issue with a claim or prior authorizations. Once reached, the representative may not understand the issue and be able to help my staff
- Staff often need to find time during the day - outside of patient care times to call and get a prior authorization approved which can take 2-4 hours per patient
- While there is a centralized credentialing system, each insurance company will ask for items that can be found on the centralized system, creating more busy work for staff.

Cost of Providing Care in the United States

Corporate Medicine

- More than three-fourths of all U.S. doctors are now employed by hospitals, health insurers, private equity or other corporate entities, as rampant consolidation continues to shrink the number of independent physicians
- Most physicians who sell their practices do so to better negotiate higher payment rates with health insurers, and to get help managing insurers' administrative and regulatory requirements.
- Outcomes of physicians selling to corporate entities - higher healthcare costs for patients - without a corresponding increase in quality of care as well as lower physician pay.
- Corporate entities negotiate higher reimbursement rates than an independent physician. They then hire mid-levels, paying them a lower salary and receiving a physician scale reimbursement

Cost of Providing Care in the United States

Physicians across the US are struggling to navigate the modern corporate world of medicine. Physicians have an ethical responsibility to their patients' health. By contrast, corporate entities have a fiduciary responsibility to their shareholders and are motivated to put profits first.

Insurance companies' overuse of prior authorization is causing patients real harm – in some instances even resulting in death. The time-wasting, care-delaying, insurance company cost-control process known as prior authorization has gone from a rarely employed tool to discourage use of extremely pricey interventions to a form of utilization management that can be required for even the simplest generic medication. Healthcare claims processing is rife with inefficiencies and financial strains marked by operational bottlenecks, rising denial rates and increasing administrative burdens faced by providers.

Cost of Providing Care in New Mexico

Physicians practicing in New Mexico struggle with navigating insurance companies and corporate medicine…but they have additional costs not seen in other states

Unique Cost of Providing Care in New Mexico

GROSS RECEIPT TAX

All copays and deductibles and coinsurances collected in medical and dental offices are subject to GRT.

Physicians pay a GRT on all medical supplies purchased for the office

The statewide GRT rate is 5.125%, but local taxes (municipal and county) raise the total rate. Average combined GRT rate statewide is about 7.05% (ranges roughly from 5.125% to over 8.9% depending on location). In Las Cruces we pay 8.39%.

We are surrounded by states that have no GRT for physicians- and we are 1 of 2 states in the country that has an additional sales tax for physicians.

GRT can be pushed to the consumer in all areas except healthcare

Unique Cost of Providing Care in New Mexico

Cost of medical malpractice compared to neighboring states

State	New Mexico	Colorado	Arizona	Utah	Texas
Annual Med Mal Premium	$43,020	$23,772	$22,030	$28,861	$28,487
Percent difference in cost		45%	49%	33%	34%

Arthur Berkson, MD, Family Medicine

Year	2020	2021	2023	2025
PCF	$3,208	$3,500	$4,329	$9,100
Cost	$12,729	$14,383	$18,517	$25,128

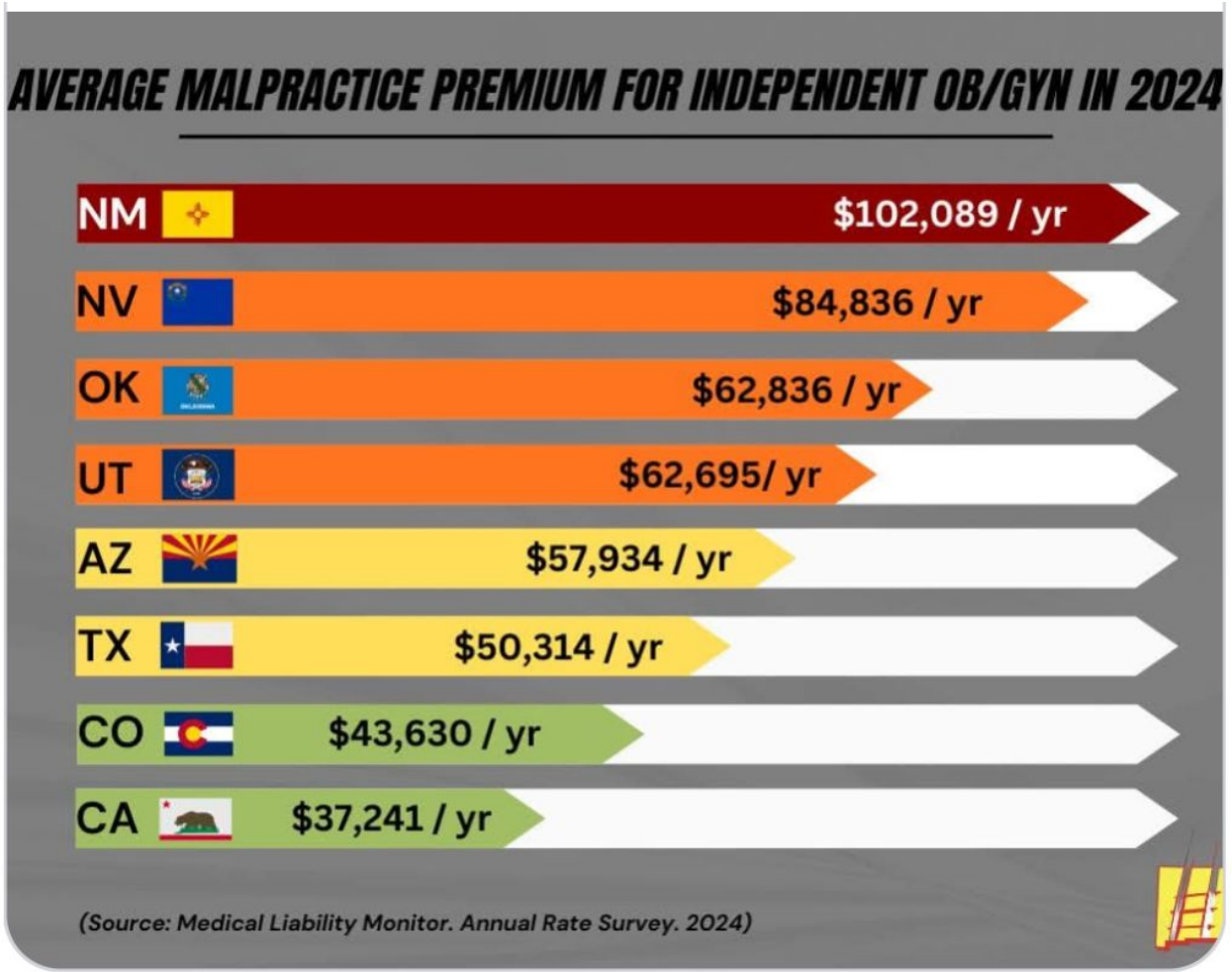
Allergy and Immunology Physician, Las Cruces vs. Texas

Year	2020	2021	2022	2023	2024	2025
Cost in NM	$12,291.84	$13,538.22	$17,979.32	$20,906.31	$21,644.14	$23,507.40
% change from prior year		+10.1%	+32.8%	+16.3%	+3.5%	+8.6%

Year	2020	2021	2022	2023	2024	2025
Cost in TX	$6,312.13	$6,655.65	$7,171.15	$6,962.13	$6,449.61	$6,276.68
% change from prior year		+5.44%	+7.75%	-2.91%	-7.36%	-2.68%

Plastic Reconstructive Surgery Colleague

Year	2020	2025
Cost	$61,174.43	$80,667.88 (Priced in Texas≅$25,000)


AVERAGE MALPRACTICE PREMIUM FOR INDEPENDENT OB/GYN IN 2024
NM $102,089 / yr
NV $84,836 / yr
OK $62,836 / yr
UT $62,695/ yr
AZ $57,934 / yr
TX $50,314 / yr
CO $43,630 / yr
CA $37,241 / yr
(Source: Medical Liability Monitor. Annual Rate Survey. 2024)

OB/GYN Colleague

OB/GYN	Las Cruces No hospital work No deliveries No surgery	Albuquerque Hospital work deliveries surgery	Colorado hospital work deliveries surgery
Cost	$35,000	$110,000	$31,000

Malpractice in New Mexico- Punitive damages

Approximately 95% of malpractice suits in New Mexico include punitive damages - designed not to compensate patients, but to punish doctors.

Punitive damages come out of the pockets of physicians - not from their malpractice premiums.

Attorneys say that their legal work will curb the harm done by large hospitals and corporations. They are hurting physicians not corporations. People who have trained for 7-10+ years in a field designed to help people. Their goal was not to hurt patients. Being part of a malpractice lawsuit is devastating to the physician and their family. It hits at the heart of who they are and the investment in time they spent to enter their career

Unique Cost of Providing Care in New Mexico

- Lower reimbursement rates due to higher medicaid/medicare population
- Higher tax burden
- High malpractice rates and higher chance of being sued for malpractice and it affecting your personal assets

New Mexico is an unfavorable place to work as a physician

Impact of Physician Shortage

Economic Impact

Patient Impact

Recruitment and Retention

Cost of Providing Care in New Mexico for CHCs

CHC patients are directly affected by lack of speciality care

Community Health Centers Reimbursement:

- 47% Medicaid
- 15% self pay

CHC are required to see everyone regardless of ability to pay

Thus with looming Medicaid cuts our risk increases...This means that Patients will have less access to needed medications, laboratory studies, x-rays, and providers

Economic Impact

- According to the AMA, each physician in the U.S. supports on average 17.1 jobs and generates $3.2 million in economic activity per year.

- In New Mexico, a 2018 study found that each physician generates on average:11.4 jobs and $1.9 million in economic output per year

- $929,000 in wages/benefits supported by each physician

Economic Impact

For rural primary care physicians, the National Center for Rural Health Works estimates:

- About 23.3 jobs supported when including their impact on both the clinic + hospital.
- ~$1.7 million in labor income (wages + benefits) for the local economy (clinic + hospital combined).

In another rural-physician study: one rural primary-care doctor supports 26.3 jobs (clinic + hospital) and contributes $1.39 million in income (wages, salaries, benefits) to the local community.

According to rural-economy research, one physician in a rural community can be “worth” $954,000 per year in broader economic value (including practice, hospital referrals, pharmacy, nursing homes, etc.).

Impact on New Mexico

Thus with the loss of the 248 physicians between 2019 and 2024 equates to:

- **$471.2** million loss in economic contribution to the state and
- a loss of **2827** jobs!

Right now NMHR is recruiting for 267 physician slots.

- An average physician panel is 2000 patients/physician
- Thus 534,000 patients in New Mexico lack adequate care

Patient Cost

Increased ER visits

Increased personal cost with less quality care

Lack of available services

Delayed Patient care

Worse outcomes

Recruitment and Retention

How do we get more physicians from New Mexico?

- Train more physicians
  - Increase residency slots not just medical school slots (**need doctors to do this**)
  - This takes at least seven years to train a physician
  - Longer for subspecialty care

What do we do right now?

- **Reduce barriers and make New Mexico a more favorable place to practice**

Proposed Solutions to New Mexico Healthcare Worker Shortage

Lookman Lawal, MD

Summary

The top 3 reasons doctors are leaving or retiring early:

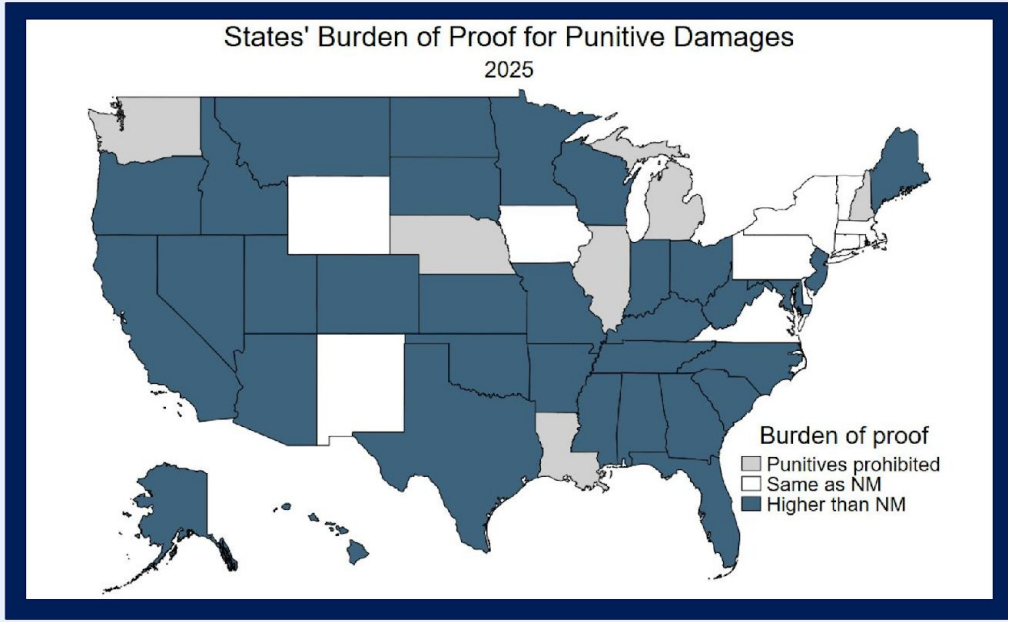
1. Medical Malpractice
2. Low Medicaid reimbursement rate
3. Gross receipts tax on medical services

Medical Malpractice Reform

Punitive damages: raise the burden of proof

Raise the burden of proof for punitive damages to "clear and convincing evidence"

- ➔ **New Mexico** has the lowest burden of proof: "preponderance of the evidence"
- ➔ **33 states** require a higher burden of proof
- ➔ **6 states** ban punitive damages



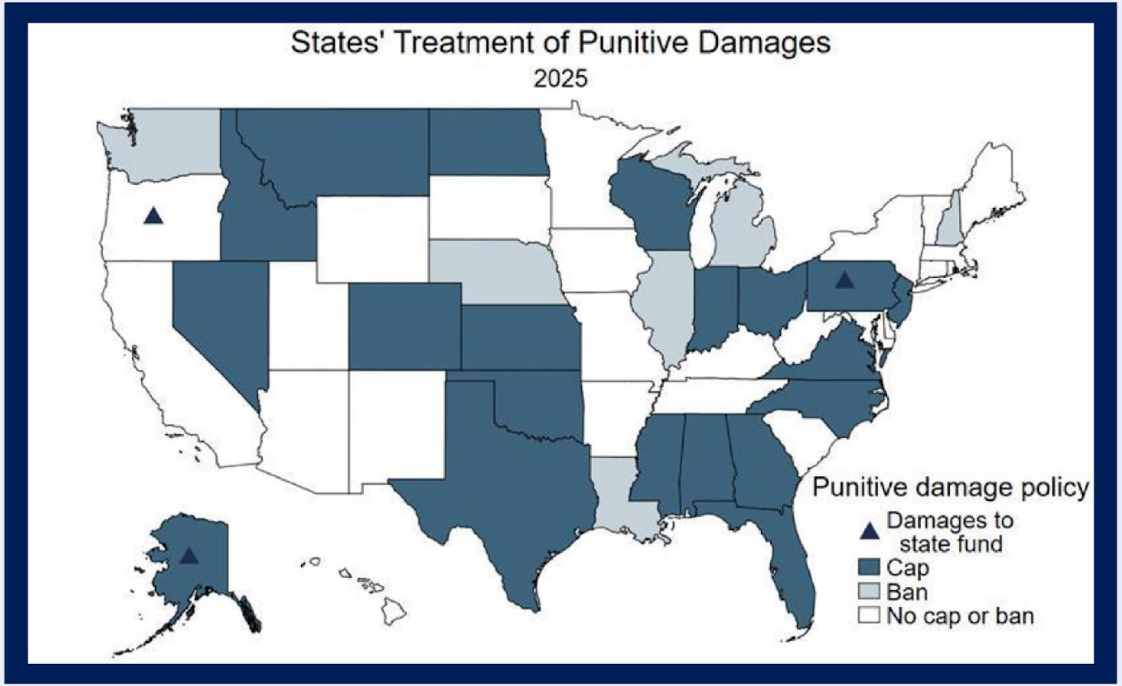
Source: Chu, Vivian. *Medical Malpractice Liability Reform:* Legal Issues and 50-State Surveys of Caps on Noneconomic and Punitive Damages and of Punitive Damages and of Punitive Damages Burden of Proof Standards. Congressional Research Service. March 1, 2011, updated by Think New Mexico.

Punitive damages: limitations

Option 1: Cap punitive damages

- No personal liability for providers
- Liability cap for health care systems

Option 2: Send 75% of punitive damage awards to a patient safety fund to improve outcomes for all patients

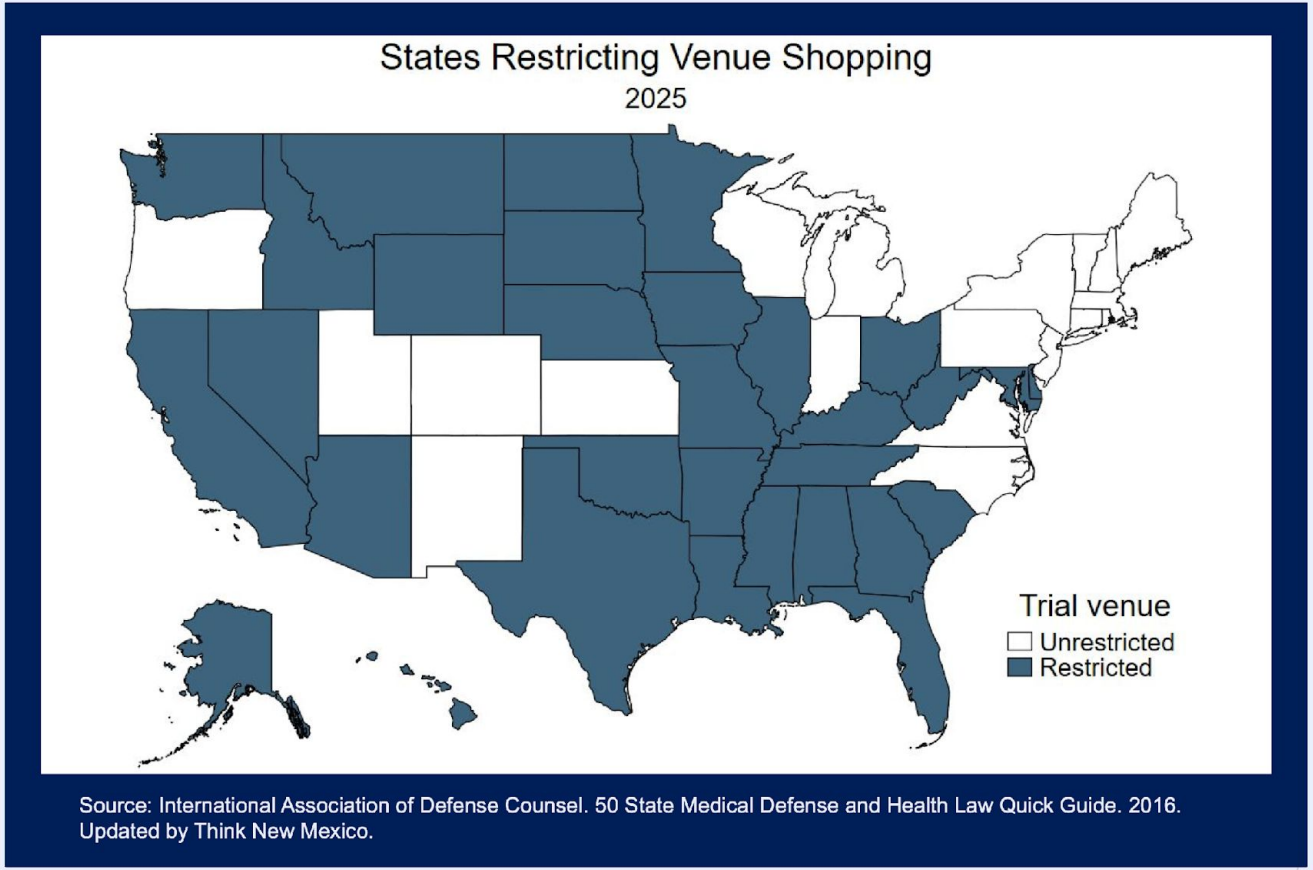


➔ **27 states** limit punitive damages in some way

End venue shopping

Require that cases be brought in the county in which the patient is injured

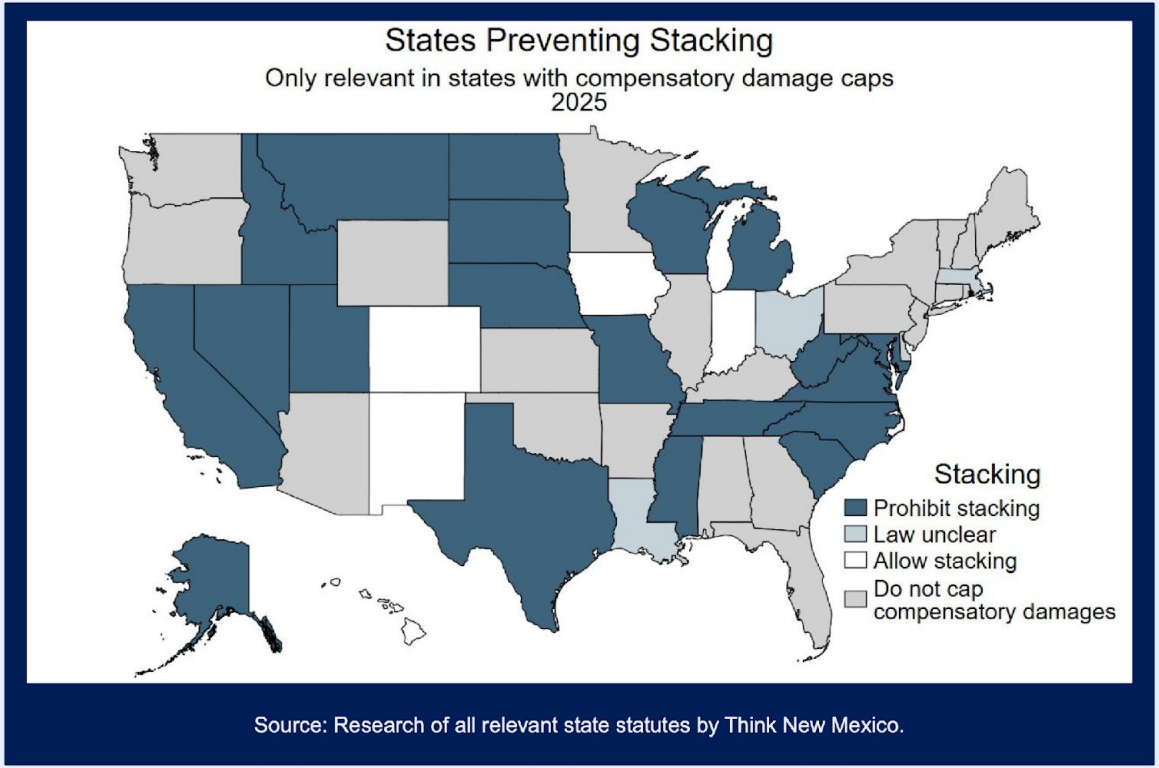
➔ **31 states** restrict venue shopping



Prevent stacking: define occurrence

Define “occurrence” such that a single injury is only grounds for a single lawsuit, regardless of the number of contributing providers or acts

➔ **20 of the 28 states** that cap damages prevent stacking



Medical costs reform

➔ End lump sum payouts

Restore the pre-2021 MMA provision that “payments for [future] medical care and related benefits shall be made as expenses are incurred”

➔ Truth in damages

Require that damages for medical costs reflect the cost paid rather than the cost billed

Apology Laws

Description:

- ➔ Make statements of apology, including statements of fault, inadmissible in court
- ➔ To be effective, we must implement a FULL apology law, not just a partial apology law

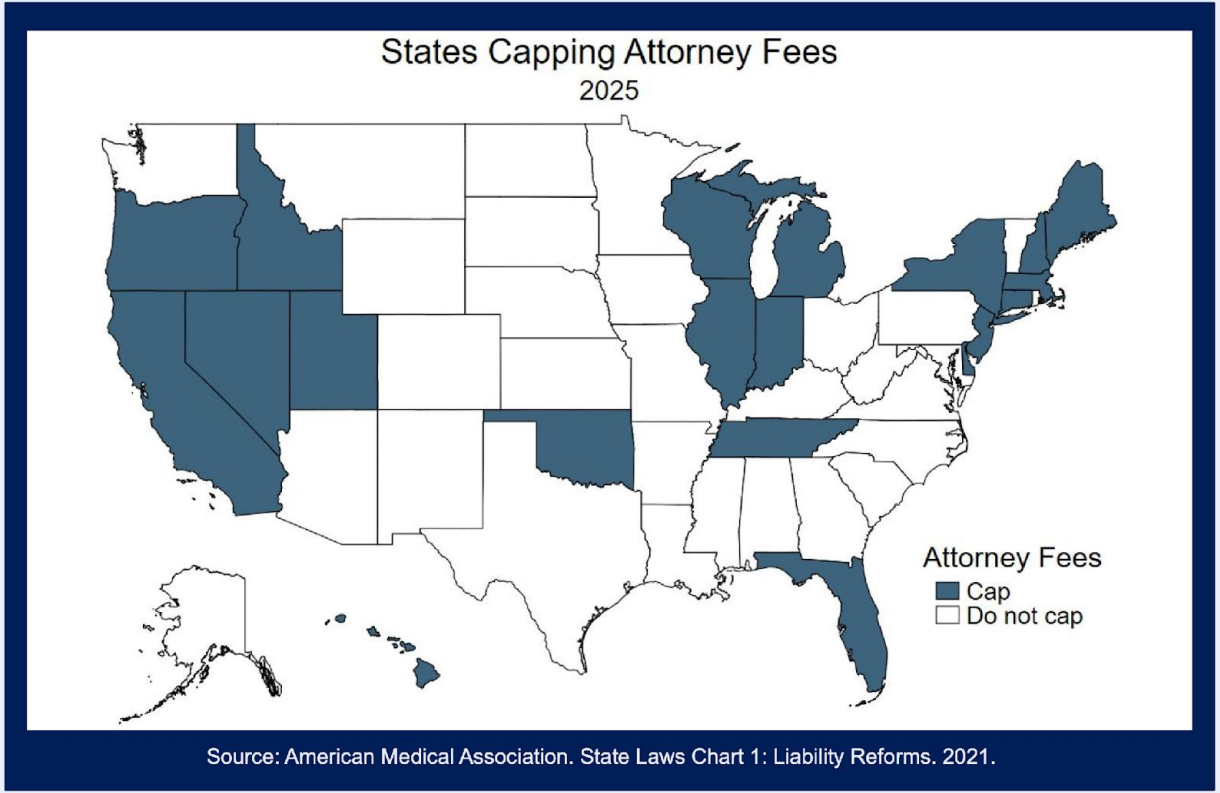
Benefits of Apology Laws:

- ➔ Encourages transparency by facilitating open conversations between providers and patients
- ➔ Apology laws provide patients with information they otherwise would not have.

Cap attorney fees

Cap fees for settlements at 25% and judgements at 33% of damages awarded

- ➔ This follows California's model
- ➔ **20 states** cap attorney fees



These are patient centered policies

- ➔ All patients deserve access to timely and quality care.
- ➔ Public policy should consider the needs of both:
  - ◆ patients who have been harmed by medical malpractice
  - ◆ patients who are harmed by lack of access to healthcare providers
- ➔ Patients support these reforms: Patients Primero patient-led NM

Medical Review Commission Reform

Established in 1976 by the NM Medical Malpractice Act.

Sweeping legislative changes in January 2021 make hospitals and their employees ineligible to participate in the panel process after July 1, 2021.

Attorneys are now allowed to skip the panel.

Plaintiffs and defendants retain the right to proceed to trial, even following a negative panel verdict.

Increase Medicaid Reimbursement

Senate Bill 88: Creating the Medicaid Permanent Trust Fund: PASSED

Eliminate GRT on Medical Services

House Bill 14: Repeal the GRT on Coinsurance for Medical Services: PASSED BUT VETOED.

Hawaii is in the process of eliminating the General Excise Tax (GET) on all medical and dental services from Jan 2026.

SUMMARY OF PROPOSED SOLUTIONS

1. Reform Medical Malpractice
    a. Reform punitive damages
    b. End venue shopping
    c. Prevent stacking
    d. End lump sum payout for the PCF
    e. Cap attorney fees
    f. Reform the Medical Review Commission

2. Medicaid Reform

3. Eliminate GRT on medical and dental services

Thank You!