

**LFC Requester:**

**Ruby Ann Esquibel**

**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**AgencyAnalysis.nmlegis.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}*

*Check all that apply:*

**Original**  **Amendment**   
**Correction**  **Substitute**

**Date** 2/6/24

**Bill No:** SB15/CS

**Sponsor:** Sen. Duhigg  
**Short Title:** Healthcare Consolidation Oversight Act

**Agency Name and Code** HSD-630  
**Number:** \_\_\_\_\_  
**Person Writing** Paoze Her  
**Phone:** 709-7656 **Email** Paozez.her@hsd.nm.g

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
		\$ 50.0 to \$ 125.0		\$ 50.0 to \$125.0	Nonrecurring	GF
		\$50.0 to \$ 125.0		\$ 50.0 to \$125.0	Nonrecurring	Federal Funds
<b>Total</b>		\$ 100.0 to \$250.0		\$ 100.0 to \$250.00		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: SB 15  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: Senate Bill 15 substitute (SB 15 Sub) adds new sections to the New Mexico Insurance Code cited as the “Health Care Consolidation Oversight Act”. The new provisions would provide a process to review and approve mergers, acquisitions, and other material changes in control of hospitals doing business in the state.

Section 2 provides the definitions, e.g., “essential services” means any health care services covered by the state Medicaid program, “authority” refers the Health Care Authority (HCA), and “office” is the office of superintendent of insurance (OSI). Section 3 states that the oversight power of the office and authority applies to New Mexico hospitals. Section 4 makes all supporting in possession or control of the authority confidential. Section 5 specifies the timing and completeness of information submitted by all parties. Section 6 states that parties pay for all fees incurred by the office in the performance of the office's or authority's duties pursuant to the Health Care Consolidation Oversight Act, including contracts with experts. Section 7 specifies completion of review within 120 days of receiving all documents, unless the parties agreed to an extension. This section also specifies the criteria for reviews. And section 8 requires the entity or person which has control of the hospital to submit reports to the office and the authority in the form and manner prescribed by the office annually for three years after approval or conditional approval.

The provisions of this bill take effect immediately (Section 10) with a repeal of Sections 1 through 7 effective July 1, 2025.

**FISCAL IMPLICATIONS**

The review process described in SB 15 may have a fiscal impact to the Medicaid program of between \$100,000 and \$250,000 (\$50,000 to \$125,000 GF) in FY 2025 depending on scope of the review and expertise required. The potential fiscal impact is on a case-by-case basis, is dependent on the implementation and coordination required, and is based on the current hourly cost of actuaries and auditors contracted with the Medicaid program.

## **SIGNIFICANT ISSUES**

The provisions of this are effective for a very short period on the oversight of hospital merger or acquisition in New Mexico.

## **PERFORMANCE IMPLICATIONS**

New Mexico is one only 11 states that has no statutory process for tracking or challenging health care provider merger and consolidation transactions.

As health care markets become increasingly consolidated, tools are needed for state regulators to protect competition and consumers from the possible negative impacts of these types of transactions, including downstream impacts on health care access, quality and affordability.

## **ADMINISTRATIVE IMPLICATIONS**

None

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None.

## **TECHNICAL ISSUES**

None.

## **OTHER SUBSTANTIVE ISSUES**

None.

## **ALTERNATIVES**

None.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

None.

## **AMENDMENTS**

None.