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**2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS**

Section I: General

Chamber: Senate

Category: Bill

Number: 121

Type: Introduced

Date (of THIS analysis): 01-29-25

Sponsor(s): George K. Munoz

Short Title: Patient Compensation

Reviewing Agency: Center for Healthy and Safe Communities

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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		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
\$0	\$0	\$0		

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		

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 121 (SB121) amends Section 41-5-25 NMSA 1978 to provide immunity from liability to the third-party administrator that administers the patient compensation fund.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

The Patient Compensation Fund (PCF) is a state-established liability funding mechanism that provides medical malpractice coverage in excess of the primary insurance requirements of the state. The PCF was established by the NM Professional Liability Fund Act of 1976 to promote the availability of coverage for medical professional liability to health care providers practicing in NM. According to the Office of the Superintendent of Insurance (OSI), the PCF provides an additional layer of professional liability coverage for its member healthcare providers, including independent providers, hospitals and outpatient health care facilities.

Currently a third party administrator hired by the Office of the Superintendent of Insurance (OSI) to administer the patient compensation fund would not share the same immunity from liability that OSI has, even though they are performing a similar government function. This makes it unappealing for a third party administrator to take on. By making this change to the statute, it will be easier for OSI to find a third party administrator to administer the patient compensation fund which will in turn benefit patients in the state.

According to Think New Mexico, “New Mexico ranks second highest in the nation for the number of medical malpractice lawsuits per capita. There is one medical malpractice lawsuit for every 14,000 New Mexicans, more than twice the national average, according to data compiled by the U.S. Department of Health and Human Services. As a result, medical malpractice insurance premiums are about twice as high on average in New Mexico than they are in other states in our region.” This is a deterrent to health care

practitioners moving to the state and contributes to our shortage of providers. Protecting the viability of the PCF is an important part of addressing this issue.

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

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)

No direct health impacts are anticipated from this change.

10. ALTERNATIVES

None

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

If SB121 is not enacted, then immunity from liability will not be provided to the third-party administrator that administers the patient compensation fund.

12. AMENDMENTS

None