

**LFC Requester:**

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**  
**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
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**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** Feb. 2, 2026 *Check all that apply:*  
**Bill Number:** HB 195 Original  Correction   
 Amendment  Substitute

**Sponsor:** Szczepanski/Anaya **Agency Name and Code:** AOC - 218  
**Short Title:** Collection of Medical Malpractice Judgements **Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
None	None	Rec.	General

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
Unknown	Unknown	Unknown	Rec.	General

(Parenthesis ( ) indicate revenue decreases)

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

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	Unknown	Unknown	Unknown	Unknown	Rec.	General

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: None.

Duplicates/Relates to Appropriation in the General Appropriation Act: None.

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

##### Synopsis:

HB 195 enacts a new statutory sections within Chapter 42, Article 10, governing exemptions, to exempt an independent medical provider's personal income and assets from judgment in medical practice claims so long as the independent provider has insurance coverage or maintains qualification under the provisions of the Medical Malpractice Act (MMA) Section 41-5-5 NMSA 1978. HB 195 also permits a court to reduce or nullify a medical malpractice damage award if certain types of allegations were made by the plaintiff. Finally, HB 195 provides for a definition of "independent provider."

HB 195 provides that the provisions of the Act apply to all medical malpractice claims brought on or after the effective date of the Act.

#### **FISCAL IMPLICATIONS**

There will be a minimal administrative cost for statewide update, distribution, and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to the enforcement of this law and commenced medical malpractice actions in which the court makes evidentiary findings with regard to reducing or nullifying a damage award. 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**

Missing evidentiary standards. Section 1 (B) of the proposed bill provides that the court "may reduce or nullify a damage award" based on the existence of any one of three conditions: (1) allegations made are irrelevant, (2) allegations made are primarily to coerce or induce settlement, and (3) allegations rely on a provider's income or assets. The bill as drafted does not specify an evidentiary standard for the court to apply in evaluating whether a fact is "irrelevant" or made primarily to coerce or induce settlement. Without such a standard it is possible that there would be different evidentiary standards applied, creating uncertainty until the matter could be resolved by appellate courts.

Additionally, without clear evidentiary standards, courts will have to reevaluate what has historically been considered regular litigation conduct. For example, a plaintiff often may not know all of the facts of a claim prior to litigation, and will only learn details about the claim as the discovery process unfolds. It may turn out that the facts initially alleged are not material to the claims as discovered in the litigation process. Thus, under HB 195, a court may be required to reduce a damage award based on conduct that is a standard part of litigation, but is only "punishable" in retrospect. This would be a shift in the way that courts manage cases and would require retraining judges on this particular issue.

Finally, HB 195 does not require the court to reduce or nullify a damage award nor does it direct the court to examine plaintiff's allegations, nor respond to a request to examine plaintiff's allegations. Thus, the application of Section 1(B) may vary from court to court.

Reduction of damages. The bill is silent as to what damages may be reduced by the court. It may be implied that it is only damages covered by an independent provider's insurance policy, but it is not clear in the bill.

### **PERFORMANCE IMPLICATIONS**

The courts are participating in performance-based budgeting. This bill may have an impact on the measures of the district courts in the following areas:

- Cases disposed of as a percent of cases filed
- Percent change in case filings by case type
- This bill may have an impact on the Judiciary's performance measures without the additional resources to comply with the bill.

### **ADMINISTRATIVE IMPLICATIONS**

See "Fiscal Implications," above.

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

None.

### **TECHNICAL ISSUES**

### **OTHER SUBSTANTIVE ISSUES**

Functionally, this proposed bill is likely to limit recovery of medical malpractice judgments to insurance policy limits against independent providers, regardless of any jury finding of additional or punitive damages.

### **ALTERNATIVES**

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

### **AMENDMENTS**