

LFC Requester:

Harry Romel

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.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}*Date Prepared: 02/04/2026

Check all that apply:

Bill Number: HB 302Original Correction Amendment Substitute Sponsor: Doreen Y. GallegosAgency Name
and Code

New Mexico Retiree Health Care

Number:

Authority 34300

Short Title: INSURANCE PRIOR

Person Writing

Linda AtencioTitle: AUTHORIZATIONPhone: 505-222-6416Email Linda.Atencio@rhca.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate but Minimal	Indeterminate but Minimal	Indeterminate but Minimal	Recurring	RHCA Benefit Fund

(Parenthesis () Indicate Expenditure Decreases)

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

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

This legislation amends the Prior Authorization Act to require health insurers to establish a formal process through which qualifying health care professionals may obtain exemptions from prior authorization requirements for certain outpatient health care services. Under the bill, providers with a demonstrated history of high approval rates for prior authorization requests may apply for an exemption, subject to defined eligibility criteria, insurer decision timelines, and ongoing periodic review. The measure also establishes standards for notice, transparency, and rescission of exemptions, and provides health care professionals with the right to an independent review of adverse determinations, while preserving insurers' authority to immediately rescind exemptions in cases of fraud or abuse.

FISCAL IMPLICATIONS

House Bill 302 is expected to have little to no material fiscal impact on the New Mexico Retiree Health Care Authority, particularly if existing cost-containment mechanisms remain intact. RHCA currently relies on prior authorization, clinical guidelines, evidence-based medical necessity criteria, and utilization management tools as key components of managing claims costs, especially within its self-funded pre-Medicare plans.

To the extent that qualifying providers are exempted from prior authorization, there is potential for increased utilization of certain outpatient services. This risk is mitigated by the bill's high approval threshold, which requires a 90 percent approval rate for prior authorization requests, as well as the continued authority for insurers to conduct retrospective reviews of utilization. The legislation also preserves insurers' ability to rescind exemptions based on utilization trends, fraud, or abuse, and requires independent clinical review processes to ensure that exemption decisions remain grounded in medical necessity and professional standards.

Additionally, many commercial insurers and third-party administrators already operate similar "gold card" programs. As a result, HB 302 largely codifies practices that are already familiar within the market, reducing the likelihood of abrupt cost shifts.

SIGNIFICANT ISSUES

A key consideration for RHCA is ensuring that authorization exemptions do not undermine evidence-based care standards or result in inappropriate utilization. While the bill contains multiple safeguards, it does not explicitly distinguish between contracted (in-network) and non-contracted providers. Clarification may be needed to ensure exemptions apply only to providers participating in a plan's network and subject to negotiated contractual terms.

In addition, consistent standards across insurers will be critical to prevent administrative complexity and unintended disparities in access or utilization.

PERFORMANCE IMPLICATIONS

From a member perspective, HB 302 may offer meaningful benefits by reducing delays in care for

outpatient services that historically meet medical necessity criteria. By limiting prior authorization requirements for providers with strong compliance histories, the bill may reduce administrative hurdles that can interrupt care delivery and improve continuity and timeliness of medically appropriate outpatient services.

For RHCA, the bill reinforces the importance of monitoring utilization trends, outcomes, and provider performance metrics to ensure that expedited access translates into appropriate, high-quality care without disproportionate cost growth.

ADMINISTRATIVE IMPLICATIONS

The criteria for administering this program should remain standardized to prevent additional barriers for providers seeking authorizations and to minimize confusion caused by differing processes, helping ensure patients have equitable access to care.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

There will be no changes to current processes.

AMENDMENTS

None