LFC Requester:	Emily Hilla

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

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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: 2/10/26 **Bill Number:** HB 306 **Original** _ **Amendment** X **Substitute**
Short Title: PROHIBIT CERTAIN HEALTH CARE FACILITY FEES
Sponsor: Rep. Reena Szczepanski
Name and Code Number: HCA 630
Person Writing: Alex Castillo Smith
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	**FY27**		
$0	$0	-	-

(Parenthesis ( ) indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	**FY27**	**FY28**		
$0	$0	$0	-	-

(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	$0	$0	$0	$0	-	-

(Parenthesis ( ) Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 306 (HB306) limits when facility fees may be charged to patients for certain services; strengthens billing transparency requirements for facility fees; and requires statewide reporting of facility fee data to New Mexico's All-Payer Claims database (APCD).

HB306 specifically requires that, beginning January 1, 2027, a health care provider or health system generally shall not charge, bill, or collect a facility fee directly from a patient for: (1) preventive health care services provided in an outpatient setting (including services accessed from the patient's vehicle); (2) vaccination services provided in an outpatient setting (including services accessed from the patient's vehicle); or, (3) telehealth services. The limitation on charges does not apply to a hospital or a hospital's clinic located in a rural area ~~critical access hospitals, rural sole community hospitals, or affiliated community clinics in rural areas~~. However, the Committee Substitute specifies that all New Mexico hospitals and health systems (including those in rural areas) are prohibited from billing a facility fee to an uninsured patient.

The bill requires hospitals and health systems ~~affiliated or hospital-owned providers~~ that charge a facility fee to provide notice at scheduling and at the time of service (including the amount); to post English/Spanish signage at check-in; and, to provide a standardized, itemized, consumer-friendly bill. The Committee Substitute also stipulates that if a patient declines, cancels or reschedules an appointment because the facility fee is too high or may not be covered by the patient's insurance plan, the hospital or health system shall not impose a cancellation fee, no-show fee or other penalty for that appointment. Hospitals and health systems that charge facility fees must also report facility fee data to the APCD for each of the prior three calendar years, including counts and totals charged to patients and summary information on common and highest-average-charge billing codes. Finally, the Committee Substitute makes technical corrections throughout, specifically removing references to "provider" and replacing it with "hospital and health system," as facility fees are only charged in these settings.

FISCAL IMPLICATIONS

~~None for the HCA.~~ Medicaid patients are not permitted to be charged facility fees because state and federal rules require that Medicaid providers must accept the state's reimbursement as payment in full. Over time, this bill is expected to result in potential savings for Medicaid and State Employee Health Benefits through improved affordability and transparency. Precise savings estimates are not available at this time, as fiscal effects will vary based on current payment arrangements and provider billing. Post-implementation data reporting will better enable the state to measure realized savings.

SIGNIFICANT ISSUES

Facility fees are separate charges associated with outpatient hospital services that can increase a patient's total bill beyond the professional (clinician) charge. HB306 is intended to reduce unexpected out-of-pocket charges for routine services and improve predictability for patients seeking preventive care, vaccinations, and telehealth. By targeting routine preventive care, vaccinations, and telehealth, the bill supports better access to preventive and certain types of primary care, ensuring that there will not be unexpected add-on charges that may deter patient access.

Using Health Care Cost Institute's 2022 analysis of commercial primary care evaluation and management (E&M) office visits (CPT 99212–99214), the average total allowed amount in New Mexico was $116 when the visit was billed as a physician-only office visit. When the same type of visit was billed with both a professional component and a facility component, the average total allowed amount was $240. The difference between those amounts ($124) represents the average facility fee associated with these visits in New Mexico.

Preventive services in the bill are those defined by the US Preventive Services Task Force (USPSTF). Most preventive services are required to be provided with no patient co-pay, deductible, or coinsurance to encourage patient access. Charging facility fees for these services undermines this requirement and may deter patients from seeking the preventive care they need. Preventive services recommended by USPSTF are widely understood as "no-cost preventive care" in most private coverage because the policy intent is to remove financial barriers to early detection and prevention. Federal law (Affordable Care Act Section 2713) generally requires most non-grandfathered private health plans to cover USPSTF A and B recommended preventive services without patient cost-sharing, reflecting an evidence-based policy goal: remove cost barriers so people are more likely to obtain early screening, counseling, and prevention that can avert more serious illness and downstream costs.

When facility fees are added on top of preventive services, services that are intended to be low- or no-cost to encourage access, patients face unexpected charges, which discourage individuals from seeking preventive care, reduce follow-through on recommended screenings, and worsen affordability and trust in routine health care.

The bill's transparency provisions (advance notice including the amount, English/Spanish signage, and standardized itemized bills) are intended to improve consumer understanding of facility fee charges and provide a clear pathway for customer questions or disputes.

Except in providing treatment to uninsured patients, the bill includes rural exceptions intended to protect health care facilities in underserved areas ~~(e.g., critical access hospitals, rural sole community hospitals, and affiliated community clinics in rural areas)~~. As a result, the bill would, primarily, apply to larger and urban/suburban acute care hospitals and health systems that do not fall under those rural designations. This includes, for example, many facilities in the Albuquerque metro and other larger markets such as UNM Hospital and UNM Sandoval Regional Medical Center; Presbyterian Hospital, Rust Medical Center, Kaseman Hospital, and Presbyterian Santa Fe Medical Center, MountainView Regional Medical Center, Memorial Medical Center, Three Crosses Regional Hospital, San Juan Regional Medical Center, Lovelace hospitals.

PERFORMANCE IMPLICATIONS
Reductions in the number and total dollar amount of facility fees charged directly to patients for covered routine services and improved transparency in billing documentation.

ADMINISTRATIVE IMPLICATIONS
Implementation will require coordination among HCA and the Department of Health to define reporting specifications and establish processes for data submission, validation, and analysis,

consistent with HIPAA and privacy requirements. HCA anticipates the need to provide implementation guidance to affected hospitals and health systems related to operational questions such as mixed visits (preventive + problem-oriented E/M), add-on services, and standardized content for notices/signage/billing to support consistent compliance.

Effective date: January 1, 2027.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP
None

TECHNICAL ISSUES
None

OTHER SUBSTANTIVE ISSUES
The bill preserves facility fees for inpatient and emergency department services and allows facility fees to be billed to insurers when permitted. Although plan design can still determine whether any allowed charges translate into patient cost-sharing, the bill's patient-facing limitation and transparency requirements are intended to reduce surprise billing practices and improve predictability for routine care. Except in providing treatment to uninsured patients, the bill includes rural exceptions intended to protect access in underserved areas, including the facilities listed below: ~~The exception applies to critical access hospitals, rural sole community hospitals, and affiliated community clinics in rural areas. The following facilities are examples of hospitals that may qualify under these categories:~~

- ~~Critical Access Hospitals:~~ Alta Vista Regional Hospital, Cibola General Hospital, Dr. Dan C. Trigg Memorial Hospital, Gila Regional Medical Center, Holy Cross Medical Center , Lincoln County Medical Center, Mimbres Valley Medical Center, Miners' Colfax Medical Center, Nor-Lea General Hospital, Rehoboth McKinley Christian Hospital, Socorro General Hospital, Sierra Vista Hospital, Union County General Hospital, Guadalupe County Hospital, Roosevelt General Hospital
- ~~Rural Sole Community Hospitals:~~ Carlsbad Medical Center, CHRISTUS Southern New Mexico, Covenant Health Hobbs Hospital, Los Alamos Medical Center, Presbyterian Española Hospital

According to 2024 KFF data, 211,300 (10.2%) of New Mexicans are uninsured. The FY2026 Federal Appropriations bill (HR 7148), which became law on Feb. 3, 2026, includes a provision to require hospitals to obtain and bill under a unique National Provider Identifier (NPI) for each off-campus outpatient department in order to receive Medicare payments. The provision will provide greater transparency to the types of charges and billing practices occurring at off-site campuses and facilities. This requirement will go into effect beginning in January 2028.

ALTERNATIVES
None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL
If this bill is not enacted, New Mexicans will continue to face unpredictable facility fees for routine care, including preventive services, vaccinations, and telehealth, creating avoidable financial

barriers and confusion for patients trying to do the right thing for their health. The lack of consistent up-front disclosure and standardized, itemized billing makes it harder for families to anticipate costs, compare settings, or resolve billing concerns.

Just as important, without the bill's facility-fee reporting framework, the State will have limited visibility into how often facility fees are being charged, in what amounts, and for which services, making it difficult to assess consumer impact, evaluate the cost of facility fees to the health care system, track trends, or target future reforms based on evidence.

Failing to enact this bill preserves the status quo: routine care can still come with surprise charges, and the state remains without the transparency and data needed to protect consumers and promote fair pricing. Over time, this undermines preventive care uptake and can shift care to more expensive settings, increasing avoidable costs for families and the health system.

AMENDMENTS
None