

LFC Requester:

RubyAnn Esquibel

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: 2/5/26 **Bill Number:** HB316 **Original** **Amendment** **Substitute**
Short Title: RURAL HOSPITAL MALPRACTICE LIABILITY INSURANCE ACT AND TRUST FUND

Sponsor: Rep. D. Wonda Johnson

Name and Code Number: HCA 630

Person Writing: Mario Portillo

Phone: 505-699-7526 **Email:** mario.portillo@hca.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0	\$100,000.0	Recurring	General Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$0.0	\$0.0	\$0.0	NA	NA

(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	\$0.0	\$0.0	NA	NA

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 316 enacts the Rural Hospital Malpractice Liability Insurance Act to support rural and frontier hospitals by offsetting the cost of medical malpractice liability insurance premiums. The bill creates a Rural Hospital Malpractice Liability Insurance Trust Fund and a program fund in the state treasury to provide premium grants to eligible rural hospitals located in health care underserved areas.

The bill appropriates \$100 million from the general fund to the trust fund as a non-reverting appropriation. Beginning July 1, 2027, annual distributions equal to five percent of the average year-end market value of the trust fund over the prior three years are transferred to the program fund to finance grants.

The Department of Health is responsible for administering the program, promulgating rules, determining hospital eligibility, and reporting annually to the legislature on grant awards, insurance costs, and program impacts on hospital financial stability, workforce retention, and access to care. The act includes an emergency clause for immediate effect.

State Health Benefits - Because SHB (State Health Benefits Bureau) operates in an ASO (Administrative Services Only) environment:

- The state bears the claims risk, while carriers administer benefits and negotiate provider contracts.
- Stabilizing rural hospital operations could reduce disruptive events such as sudden provider exits, emergency out-of-network claims, or forced contract amendments.

That said, the bill does not impose new obligations on carriers or pharmacy benefit managers, nor does it alter claims administration, reimbursement methodologies, or coverage rules. Any operational impact to SHB would therefore arise through provider behavior rather than statutory mandate.

FISCAL IMPLICATIONS

House Bill 316 has no fiscal impact on the Medical Assistance Division.

- The bill does not amend the Medicaid Act, eligibility standards, covered services,

reimbursement methodologies, or provider enrollment requirements.

- Premium grants provided under the act are limited to medical malpractice liability insurance costs and do not constitute Medicaid expenditures.
- There is no requirement for federal Medicaid matching funds, no impact to the Medicaid state plan, and no interaction with Medicaid administrative claiming.
- As a result, MAD incurs no additional costs, savings, or administrative workload as a result of this bill.

State Health Benefits – HB316 has no fiscal impact on State Health Benefits.

It does not directly change SHB benefits, costs, or administrative responsibilities, but it meaningfully intersects with SHB’s broader goals around access, network stability, and rural service preservation. The bill is a provider-side stabilization policy that may indirectly support SHB’s ability to deliver comprehensive coverage to members statewide.

No fiscal implications for ITD.

SIGNIFICANT ISSUES

None

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

None

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Similar to HB187 which establishes a program fund without a trust fund.

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

None