

HOUSE BILL 143

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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AN ACT

RELATING TO HEALTH CARE; INCREASING THE RURAL HEALTH CARE PRACTITIONER TAX CREDIT; CREATING THE PHYSICIAN INCOME TAX CREDIT; EXPANDING THE RURAL HEALTH CARE PRACTITIONER TAX CREDIT TO INCLUDE ADDITIONAL ELIGIBLE HEALTH CARE PRACTITIONERS; ENACTING THE MEDICAL RESIDENCY LOAN REPAYMENT ACT; GRANTING LOAN REPAYMENT AWARDS TO CERTAIN MEDICAL RESIDENTS AND MEDICAL FELLOWS; PROVIDING FOR CONTRACTS, CONTRACT CANCELLATIONS AND CONTRACT ENFORCEMENT; CREATING A FUND; AMENDING DEFINITIONS IN THE MEDICAL MALPRACTICE ACT; LIMITING THE AMOUNT OF DAMAGES THAT CAN BE AWARDED DUE TO A MEDICAL MALPRACTICE CLAIM; REQUIRING PAYMENTS FROM THE PATIENT'S COMPENSATION FUND TO BE MADE AS EXPENSES ARE INCURRED; LIMITING THE AVAILABILITY OF PUNITIVE DAMAGES IN MEDICAL MALPRACTICE CLAIMS; LIMITING ATTORNEY FEES IN MALPRACTICE CLAIMS; REQUIRING THE HEALTH CARE AUTHORITY TO CONDUCT COST STUDIES FOR EACH TYPE OF HEALTH CARE

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1 PROVIDER THAT IS REIMBURSED BY MEDICAID; MAKING AN
2 APPROPRIATION.

3

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

5 **SECTION 1.** Section 7-2-18.22 NMSA 1978 (being Laws 2007,
6 Chapter 361, Section 2, as amended) is amended to read:

7 "7-2-18.22. RURAL HEALTH CARE PRACTITIONER TAX CREDIT.--

8 A. A taxpayer who files an individual New Mexico
9 tax return, who is not a dependent of another individual, who
10 is an eligible health care practitioner and who has provided
11 health care services in New Mexico in a rural health care
12 underserved area in a taxable year may claim a credit against
13 the tax liability imposed by the Income Tax Act. The credit
14 provided in this section may be referred to as the "rural
15 health care practitioner tax credit".

16 B. The rural health care practitioner tax credit
17 may be claimed and allowed in an amount that shall not exceed:

18 (1) ~~five thousand dollars (\$5,000)~~ fifteen
19 thousand dollars (\$15,000) for all physicians, osteopathic
20 physicians, dentists, psychologists, podiatric physicians and
21 optometrists who qualify pursuant to the provisions of this
22 section and have provided health care during a taxable year for
23 at least one thousand five hundred eighty-four hours at a
24 practice site located in an approved rural health care
25 underserved area. Eligible health care practitioners listed in

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1 this paragraph who provided health care services for at least
2 seven hundred ninety-two hours but less than one thousand five
3 hundred eighty-four hours at a practice site located in an
4 approved rural health care underserved area during a taxable
5 year are eligible for one-half of the tax credit amount; and

6 (2) ~~[three thousand dollars (\$3,000)]~~ nine
7 thousand dollars (\$9,000) for all pharmacists, dental
8 hygienists, physician assistants, certified registered nurse
9 anesthetists, certified nurse practitioners, clinical nurse
10 specialists, registered nurses, midwives, licensed clinical
11 social workers, licensed independent social workers,
12 professional mental health counselors, professional clinical
13 mental health counselors, marriage and family therapists,
14 professional art therapists, alcohol and drug abuse counselors,
15 licensed practical nurses, emergency medical technicians,
16 paramedics, speech-language pathologists, occupational
17 therapists, chiropractic physicians and physical therapists who
18 qualify pursuant to the provisions of this section and have
19 provided health care during a taxable year for at least one
20 thousand five hundred eighty-four hours at a practice site
21 located in an approved rural health care underserved area.

22 Eligible health care practitioners listed in this paragraph who
23 provided health care services for at least seven hundred
24 ninety-two hours but less than one thousand five hundred
25 eighty-four hours at a practice site located in an approved

1 rural health care underserved area during a taxable year are
2 eligible for one-half of the tax credit amount.

3 C. Before an eligible health care practitioner may
4 claim the rural health care practitioner tax credit, the
5 practitioner shall submit a completed application to the
6 department of health that describes the practitioner's clinical
7 practice and contains additional information that the
8 department of health may require. The department of health
9 shall determine whether an eligible health care practitioner
10 qualifies for the rural health care practitioner tax credit and
11 shall issue a certificate to each qualifying eligible health
12 care practitioner. The department of health shall provide the
13 taxation and revenue department appropriate information for all
14 eligible health care practitioners to whom certificates are
15 issued in a secure manner on regular intervals agreed upon by
16 both the taxation and revenue department and the department of
17 health.

18 D. A taxpayer claiming the credit provided by this
19 section shall submit a copy of the certificate issued by the
20 department of health with the taxpayer's New Mexico income tax
21 return for the taxable year. If the amount of the credit
22 claimed exceeds a taxpayer's tax liability for the taxable year
23 in which the credit is being claimed, the excess may be carried
24 forward for three consecutive taxable years.

25 E. A taxpayer allowed a tax credit pursuant to this

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1 section shall claim the credit on forms and in a manner
2 required by the department.

3 F. The tax credit provided by this section shall be
4 included in the tax expenditure budget pursuant to Section
5 7-1-84 NMSA 1978, including the annual aggregate cost of the
6 tax credit.

7 G. As used in this section:

8 (1) "eligible health care practitioner" means:

9 (a) a dentist or dental hygienist
10 licensed pursuant to the Dental Health Care Act;
11 (b) a midwife that is a: 1) certified
12 nurse-midwife licensed by the board of nursing as a registered
13 nurse and licensed by the public health division of the
14 department of health to practice nurse-midwifery as a certified
15 nurse-midwife; or 2) licensed midwife licensed by the public
16 health division of the department of health to practice
17 licensed midwifery;

18 (c) an optometrist licensed pursuant to
19 the provisions of the Optometry Act;

20 (d) an osteopathic physician licensed
21 pursuant to the provisions of the Medical Practice Act;

22 (e) a physician licensed pursuant to the
23 provisions of the Medical Practice Act or a physician assistant
24 licensed pursuant to the provisions of the Physician Assistant
25 Act;

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(f) a podiatric physician licensed pursuant to the provisions of the Podiatry Act;

(g) a psychologist licensed pursuant to the provisions of the Professional Psychologist Act;

(h) a registered nurse licensed pursuant to the provisions of the Nursing Practice Act;

(i) a pharmacist licensed pursuant to the provisions of the Pharmacy Act;

(j) a licensed clinical social worker or a licensed independent social worker licensed pursuant to the provisions of the Social Work Practice Act;

(k) a professional mental health counselor, a professional clinical mental health counselor, a marriage and family therapist, an alcohol and drug abuse counselor or a professional art therapist licensed pursuant to the provisions of the Counseling and Therapy Practice Act;

[and]

(l) a physical therapist licensed pursuant to the provisions of the Physical Therapy Act;

(m) an emergency medical technician or a paramedic licensed pursuant to the Emergency Medical Services Act;

(n) a speech-language pathologist licensed pursuant to the Speech-Language Pathology, Audiology and Hearing Aid Dispensing Practices Act;

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(o) an occupational therapist licensed pursuant to the Occupational Therapy Act; and

(p) a chiropractic physician licensed pursuant to the Chiropractic Physician Practice Act;

(2) "health care underserved area" means a geographic area or practice location in which it has been determined by the department of health, through the use of indices and other standards set by the department of health, that sufficient health care services are not being provided;

(3) "practice site" means a private practice, public health clinic, hospital, public or private nonprofit primary care clinic or other health care service location in a health care underserved area; and

(4) "rural" means a rural county or an unincorporated area of a partially rural county, as designated by the health resources and services administration of the United States department of health and human services."

SECTION 2. A new section of the Income Tax Act is enacted to read:

"[NEW MATERIAL] CREDIT--PHYSICIAN INCOME TAX CREDIT.--

A. A taxpayer who is a physician and has completed a medical residency may claim a credit against the taxpayer's tax liability imposed pursuant to the Income Tax Act for up to five consecutive taxable years in which the taxpayer practices medicine full-time in New Mexico and has an outstanding balance

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1 of a student loan taken to defray the expenses of a medical
2 education. The credit authorized pursuant to this section may
3 be referred to as the "physician income tax credit".

4 B. The amount of the tax credit shall be in an
5 amount equal to fifty thousand dollars (\$50,000) for the
6 taxable year the taxpayer meets the requirements of this
7 section.

8 C. A taxpayer shall apply for certification of
9 eligibility for the tax credit from the higher education
10 department on forms and in the manner prescribed by that
11 department. If the higher education department determines that
12 the taxpayer meets the requirements of this section, that
13 department shall issue a dated certificate of eligibility to
14 the taxpayer providing the amount of tax credit for which the
15 taxpayer is eligible and the taxable years in which the credit
16 may be claimed. The higher education department shall provide
17 the department with the certificates of eligibility issued
18 pursuant to this subsection in an electronic format at
19 regularly agreed upon intervals.

20 D. That portion of the tax credit that exceeds a
21 taxpayer's income tax liability in the taxable year in which
22 the credit is claimed shall be refunded to the taxpayer.

23 E. A taxpayer allowed to claim a tax credit
24 pursuant to this section shall claim the tax credit in a manner
25 required by the department. The credit shall be claimed within

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1 three taxable years of the end of the year in which the higher
2 education department certifies the credit.

3 F. The credit provided by this section shall be
4 included in the tax expenditure budget pursuant to Section
5 7-1-84 NMSA 1978, including the annual aggregate cost of the
6 credit.

7 G. As used in this section:

8 (1) "physician" means a physician licensed
9 pursuant to the provisions of the Medical Practice Act, an
10 osteopathic physician licensed pursuant to the provisions of
11 the Medical Practice Act or a dentist licensed pursuant to the
12 Dental Health Care Act; and

13 (2) "practices medicine full-time" means
14 providing health care within the scope of a physician's
15 practice for at least one thousand five hundred eighty-four
16 hours during the taxable year."

17 SECTION 3. A new section of Chapter 21 NMSA 1978 is
18 enacted to read:

19 "[NEW MATERIAL] SHORT TITLE.--Sections 3 through 9 of this
20 act may be cited as the "Medical Residency Loan Repayment
21 Act"."

22 SECTION 4. A new section of Chapter 21 NMSA 1978 is
23 enacted to read:

24 "[NEW MATERIAL] DEFINITIONS.--As used in the Medical
25 Residency Loan Repayment Act:

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1 A. "applicant" means a person applying for an
2 award;

3 B. "award" means the grant of money pursuant to the
4 Medical Residency Loan Repayment Act to repay loans;

5 C. "department" means the higher education
6 department;

7 D. "fund" means the medical residency loan
8 repayment fund;

9 E. "loan" means a grant of money pursuant to a
10 contract between a medical resident or a medical fellow and the
11 federal government, the state government or a commercial lender
12 to defray the costs incidental to an undergraduate or medical
13 education and that requires either repayment of principal and
14 interest or repayment in services;

15 F. "medical fellow" means an individual who has
16 completed a medical fellowship in an institution of higher
17 education in New Mexico; and

18 G. "medical resident" means an individual who has
19 completed a medical residency in an institution of higher
20 education in New Mexico."

21 SECTION 5. A new section of Chapter 21 NMSA 1978 is
22 enacted to read:

23 "[NEW MATERIAL] POWERS AND DUTIES.--The department may:

24 A. grant an award to repay loans obtained for
25 undergraduate education and medical training obtained by a

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1 medical resident or medical fellow upon such terms and
2 conditions as may be imposed by rule of the department; and

3 B. delegate to other agencies or contract for the
4 performance of services required by the medical residency loan
5 repayment program."

6 SECTION 6. A new section of Chapter 21 NMSA 1978 is
7 enacted to read:

8 "[NEW MATERIAL] AWARDS--CRITERIA--CONTRACT TERMS.--

9 A. An applicant shall have completed a medical
10 residency or medical fellowship before applying for an award
11 and agreed to work as a physician in New Mexico for five
12 consecutive years upon receiving an award.

13 B. Prior to receiving an award, a medical resident
14 or medical fellow shall file an application with the department
15 that meets the criteria established by rule of the department.

16 C. An award recipient shall certify on at least an
17 annual basis the recipient's continued employment as a
18 physician practicing medicine in New Mexico.

19 D. The following debts are not eligible for
20 repayment pursuant to the Medical Residency Loan Repayment Act:

21 (1) amounts incurred as a result of
22 participation in state loan-for-service programs or other
23 state programs the purposes of which state that service be
24 provided in exchange for financial assistance;

25 (2) scholarships that have a service component

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1 or obligation;

2 (3) personal loans from friends or relatives;

3 (4) loans that exceed individual standard
4 school expense levels; and

5 (5) loans that are eligible for another state
6 or federal loan repayment program.

7 E. Award criteria shall provide that:

8 (1) the applicant shall have graduated from a
9 medical school accredited by the liaison committee on medical
10 education or the commission on osteopathic college
11 accreditation;

12 (2) the applicant shall be licensed to
13 practice in New Mexico as a licensed physician;

14 (3) award amounts may be modified based on
15 available funding or other special circumstances; and

16 (4) an award for an approved applicant shall
17 be in an annual amount to repay the applicant's loan
18 indebtedness within three years.

19 F. Every loan repayment award shall be evidenced by
20 a contract between the medical resident or medical fellow and
21 the department on behalf of the state. The contract shall
22 provide for the payment by the state of a stated sum to the
23 medical resident's or medical fellow's federal government
24 lender, state government lender or commercial lender and shall
25 state the obligations of the medical resident or medical fellow

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1 under the medical residency loan repayment program as
2 established by the department.

3 G. A contract between a medical resident or medical
4 fellow and the department shall provide that if the medical
5 resident or medical fellow does not comply with the terms of
6 the contract, the medical resident or medical fellow shall
7 reimburse the department for all loan payments made on the
8 medical resident's or medical fellow's behalf plus
9 reasonable interest at a rate to be determined by the
10 department unless the department finds acceptable extenuating
11 circumstances for why the medical resident or medical fellow
12 cannot serve or comply with the terms of the contract. All
13 money reimbursed to the department pursuant to this subsection
14 shall be transferred to the fund.

15 H. Awards from the fund shall be made to the
16 federal government lender, state government lender or
17 commercial lender for a medical resident or medical fellow who
18 has received an award and shall be considered a payment on
19 behalf of the medical resident or medical fellow pursuant to
20 the contract between the department and the medical resident or
21 medical fellow. An award shall not obligate the state or the
22 department to a medical resident's or medical fellow's lender
23 for any other payment and shall not be considered to create any
24 privity of contract between the state or the department and the
25 lender.

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1 I. The department shall adopt rules to implement
2 the provisions of the Medical Residency Loan Repayment Act.

3 The rules:

4 (1) shall provide a procedure for determining
5 the amount of the loan that will be repaid; and

6 (2) may provide for the disbursement of awards
7 to the lender in annual or other periodic installments."

8 SECTION 7. A new section of Chapter 21 NMSA 1978 is
9 enacted to read:

10 "[NEW MATERIAL] CONTRACTS--ENFORCEMENT--CANCELLATION.--

11 A. The general form of a contract required pursuant
12 to the Medical Residency Loan Repayment Act shall be
13 prepared and approved by the department's general counsel, and
14 each contract shall be signed by the medical resident or
15 medical fellow and the secretary of higher education or the
16 secretary's authorized representative on behalf of the state.
17 The department is vested with full and complete authority and
18 power to sue in its own name for any balance due to the state
19 from a medical resident or medical fellow under a loan
20 repayment contract.

21 B. The department may cancel a contract made
22 between the department and a medical resident or medical fellow
23 pursuant to the Medical Residency Loan Repayment Act for any
24 reasonable cause deemed sufficient by the department."

25 SECTION 8. A new section of Chapter 21 NMSA 1978 is

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1 enacted to read:

2 "[NEW MATERIAL] MEDICAL RESIDENCY LOAN REPAYMENT FUND

3 CREATED.--The "medical residency loan repayment fund" is
4 created as a nonreverting fund in the state treasury. The fund
5 consists of appropriations, repayment of awards and interest
6 received by the department, income from investment of the fund,
7 gifts, grants and donations. The fund shall be administered by
8 the department, and money in the fund is appropriated to the
9 department to make awards pursuant to the Medical Residency
10 Loan Repayment Act. Expenditures from the fund shall be made
11 on warrants of the secretary of finance and administration
12 pursuant to vouchers signed by the secretary of higher
13 education or the secretary's authorized representative."

14 SECTION 9. A new section of Chapter 21 NMSA 1978 is
15 enacted to read:

16 "[NEW MATERIAL] REPORTS.--On or before December 1 of each
17 year, the department shall submit a report to the governor and
18 the legislative finance committee of the department's
19 activities, the awards granted and the job title and duties of
20 each loan recipient. The report shall also include any
21 contract cancellations and enforcement actions the department
22 has taken."

23 SECTION 10. A new section of the Public Assistance Act is
24 enacted to read:

25 "[NEW MATERIAL] COST STUDIES REQUIRED.--

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1 A. At least every three years, the authority shall
2 conduct cost studies for the purposes of determining the cost
3 of providing health care services for each type of health care
4 provider that is reimbursed by medicaid for providing services
5 to recipients. The cost studies shall include recommendations
6 for adequate reimbursement rates for each type of health care
7 provider reimbursed by medicaid based on:

8 (1) the cost to provide competitive
9 compensation to health care providers; and

10 (2) recent and projected changes in costs due
11 to factors that include inflation and rising wages.

12 B. When the authority submits a budget request to
13 the legislature, the authority shall include the most recent
14 cost study performed for each type of health care provider that
15 is reimbursed by medicaid.

16 C. The authority shall not be required to perform
17 cost studies for every type of health care provider that is
18 reimbursed by medicaid in the same year, so long as a cost
19 study is conducted for each type of health care provider at
20 least every three years.

21 D. For the purposes of this section, "medicaid"
22 means the federal-state program administered by the authority
23 pursuant to Title 19 or Title 21 of the federal Social Security
24 Act."

25 SECTION 11. Section 41-5-3 NMSA 1978 (being Laws 1976,

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1 Chapter 2, Section 3, as amended) is amended to read:

2 "41-5-3. DEFINITIONS.--As used in the Medical Malpractice
3 Act:

4 A. "advisory board" means the patient's
5 compensation fund advisory board;

6 B. "control" means equity ownership in a business
7 entity that:

8 (1) represents more than fifty percent of the
9 total voting power of the business entity; or

10 (2) has a value of more than fifty percent of
11 that business entity;

12 C. "fund" means the patient's compensation fund;

13 D. "health care provider" means a person, a
14 corporation, an organization, a facility or an institution
15 licensed or certified by this state to provide health care or
16 professional services as a doctor of medicine, a hospital, an
17 outpatient health care facility, a doctor of osteopathy, a
18 chiropractor, [podiatrist] a podiatric physician, a nurse
19 anesthetist, a physician's assistant, a certified nurse
20 practitioner, a clinical nurse specialist or a certified nurse-
21 midwife or a business entity that is organized, incorporated or
22 formed pursuant to the laws of New Mexico that provides health
23 care services primarily through natural persons identified in
24 this subsection. "Health care provider" does not mean a person
25 or an entity protected pursuant to the Tort Claims Act or the

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1 Federal Tort Claims Act;

2 E. "hospital" means a facility licensed as a
3 hospital in this state that offers ~~[in-patient]~~ inpatient
4 services, nursing or overnight care on a twenty-four-hour basis
5 for diagnosing, treating and providing medical, psychological
6 or surgical care for three or more separate persons who have a
7 physical or mental illness, disease, injury or rehabilitative
8 condition or are pregnant and may offer emergency services.

9 "Hospital" includes a hospital's parent corporation, subsidiary
10 corporations or affiliates if incorporated or registered in New
11 Mexico; employees and locum tenens providing services at the
12 hospital; and agency nurses providing services at the hospital.

13 "Hospital" does not mean a person or an entity protected
14 pursuant to the Tort Claims Act or the Federal Tort Claims Act;

15 F. "independent outpatient health care facility"
16 means a health care facility that is an ambulatory surgical
17 center, an urgent care facility or a free-standing emergency
18 room that is not, directly or indirectly through one or more
19 intermediaries, controlled or under common control with a
20 hospital. "Independent outpatient health care facility"
21 includes a facility's employees, locum tenens providers and
22 agency nurses providing services at the facility. "Independent
23 outpatient health care facility" does not mean a person or an
24 entity protected pursuant to the Tort Claims Act or the Federal
25 Tort Claims Act;

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1 G. "independent provider" means a doctor of
2 medicine, doctor of osteopathy, chiropractor, ~~pediatrician~~
3 podiatric physician, nurse anesthetist, physician's assistant,
4 certified nurse practitioner, clinical nurse specialist or
5 certified nurse-midwife who is not an employee of a hospital or
6 outpatient health care facility. "Independent provider" does
7 not mean a person or an entity protected pursuant to the Tort
8 Claims Act or the Federal Tort Claims Act. "Independent
9 provider" includes:

10 (1) a health care facility that is:

11 (a) licensed pursuant to the ~~Public~~
12 ~~Health Act~~ Health Care Code as an outpatient facility;

13 (b) not an ambulatory surgical center,
14 an urgent care facility or a free-standing emergency room; and

15 (c) not hospital-controlled; and

16 (2) a business entity that is not a hospital
17 or outpatient health care facility that employs or consists of
18 members who are licensed or certified as doctors of medicine,
19 doctors of osteopathy, chiropractors, ~~pediatricians~~ podiatric
20 physicians, nurse anesthetists, physician's assistants,
21 certified nurse practitioners, clinical nurse specialists or
22 certified nurse-midwives and the business entity's employees;

23 H. "insurer" means an insurance company engaged in
24 writing health care provider malpractice liability insurance in
25 this state;

1 I. "malpractice claim" includes any cause of action
2 arising in this state against a health care provider for
3 medical treatment, lack of medical treatment or other claimed
4 departure from accepted standards of health care that
5 proximately results in injury to the patient, whether the
6 patient's claim or cause of action sounds in tort or contract,
7 and includes but is not limited to actions based on battery or
8 wrongful death; "malpractice claim" does not include a cause of
9 action arising out of the driving, flying or nonmedical acts
10 involved in the operation, use or maintenance of a vehicular or
11 aircraft ambulance;

12 J. "medical care and related benefits" means all
13 reasonable medical, surgical, physical rehabilitation and
14 custodial services and includes drugs, prosthetic devices and
15 other similar materials reasonably necessary in the provision
16 of such services;

17 K. "occurrence" means all ~~[injuries to a patient
18 caused by health care providers' successive acts or omissions
19 that combined concurrently to create a malpractice claim]~~
20 claims for damages from all persons arising from harm to a
21 single patient, no matter how many health care providers,
22 errors or omissions contributed to the harm;

23 L. "outpatient health care facility" means an
24 entity that is hospital-controlled and is licensed pursuant to
25 the ~~[Public Health Act]~~ Health Care Code as an outpatient

facility, including ambulatory surgical centers, free-standing emergency rooms, urgent care clinics, acute care centers and intermediate care facilities and includes a facility's employees, locum tenens providers and agency nurses providing services at the facility. "Outpatient health care facility" does not include:

- (1) independent providers;
- (2) independent outpatient health care facilities; or
- (3) individuals or entities protected pursuant to the Tort Claims Act or the Federal Tort Claims Act;

M. "patient" means a natural person who received or should have received health care from a health care provider, under a contract, express or implied; and

N. "superintendent" means the superintendent of insurance."

SECTION 12. Section 41-5-6 NMSA 1978 (being Laws 1992, Chapter 33, Section 4, as amended) is amended to read:

"41-5-6. LIMITATION OF RECOVERY.--

A. Except for punitive damages and past and future medical care and related benefits, the aggregate dollar amount recoverable by all persons for or arising from any injury or death to a patient as a result of malpractice shall not exceed six hundred thousand dollars (\$600,000) per occurrence. [for malpractice claims brought against health care providers if the

1 injury or death occurred prior to January 1, 2022. Injury
2 eases, the jury shall not be given any instructions dealing
3 with this limitation.

4 B. Except for punitive damages and past and future
5 medical care and related benefits, the aggregate dollar amount
6 recoverable by all persons for or arising from any injury or
7 death to a patient as a result of malpractice shall not exceed
8 seven hundred fifty thousand dollars (\$750,000) per occurrence
9 for malpractice claims against independent providers; provided
10 that, beginning January 1, 2023, the per occurrence limit on
11 recovery shall be adjusted annually by the consumer price index
12 for all urban consumers.

13 C. The aggregate dollar amount recoverable by all
14 persons for or arising from any injury or death to a patient as
15 a result of malpractice, except for punitive damages and past
16 and future medical care and related benefits, shall not exceed
17 seven hundred fifty thousand dollars (\$750,000) for claims
18 brought against an independent outpatient health care facility
19 for an injury or death that occurred in calendar years 2022 and
20 2023.

21 D. In calendar year 2024 and subsequent years, the
22 aggregate dollar amount recoverable by all persons for or
23 arising from an injury or death to a patient as a result of
24 malpractice, except for punitive damages and past and future
25 medical care and related benefits, shall not exceed the

1 following amounts for claims brought against an independent
2 outpatient health care facility:

3 (1) for an injury or death that occurred in
4 calendar year 2024, one million dollars (\$1,000,000) per
5 occurrence; and

6 (2) for an injury or death that occurred in
7 calendar year 2025 and thereafter, the amount provided in
8 Paragraph (1) of this subsection, adjusted annually by the
9 prior three-year average consumer price index for all urban
10 consumers, per occurrence.

11 E. In calendar year 2022 and subsequent calendar
12 years, the aggregate dollar amount recoverable by all persons
13 for or arising from any injury or death to a patient as a
14 result of malpractice, except for punitive damages and past and
15 future medical care and related benefits, shall not exceed the
16 following amounts for claims brought against a hospital or a
17 hospital-controlled outpatient health care facility:

18 (1) for an injury or death that occurred in
19 calendar year 2022, four million dollars (\$4,000,000) per
20 occurrence;

21 (2) for an injury or death that occurred in
22 calendar year 2023, four million five hundred thousand dollars
23 (\$4,500,000) per occurrence;

24 (3) for an injury or death that occurred in
25 calendar year 2024, five million dollars (\$5,000,000) per

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1 occurrence;

2 (4) for an injury or death that occurred in
3 calendar year 2025, five million five hundred thousand dollars
4 (\$5,500,000) per occurrence;

5 (5) for an injury or death that occurred in
6 calendar year 2026, six million dollars (\$6,000,000) per
7 occurrence; and

8 (6) for an injury or death that occurred in
9 calendar year 2027 and each calendar year thereafter, the
10 amount provided in Paragraph (5) of this subsection, adjusted
11 annually by the consumer price index for all urban consumers,
12 per occurrence.

13 F. The aggregate dollar amounts provided in
14 Subsections B through E of this section include payment to any
15 person for any number of loss of consortium claims or other
16 claims per occurrence that arise solely because of the injuries
17 or death of the patient.

18 G.] B. In jury cases, the jury shall not be given
19 any instructions dealing with the limitations provided in this
20 section.

21 [H.] C. Except as provided in Section 41-5-7 NMSA
22 1978, the value of accrued medical care and related benefits
23 shall not be subject to any limitation.

24 [I. Except for an independent outpatient health
25 care facility] D. A health care provider's personal liability

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1 is limited to [~~two hundred fifty thousand dollars (\$250,000)~~]
2 two hundred thousand dollars (\$200,000) for monetary damages
3 and medical care and related benefits as provided in Section
4 41-5-7 NMSA 1978. Any amount due from a judgment or settlement
5 in excess of [~~two hundred fifty thousand dollars (\$250,000)~~]
6 two hundred thousand dollars (\$200,000) shall be paid from the
7 fund [~~except as provided in Subsections J and K of this~~
8 ~~section.~~

9 ~~J. An independent outpatient health care facility's~~
10 ~~personal liability is limited to five hundred thousand dollars~~
11 ~~(\$500,000) for monetary damages and medical care and related~~
12 ~~benefits as provided in Section 41-5-7 NMSA 1978. Any amount~~
13 ~~due from a judgment or settlement in excess of five hundred~~
14 ~~thousand dollars (\$500,000) shall be paid from the fund.~~

15 ~~K. Until January 1, 2027, amounts due from a~~
16 ~~judgment or settlement against a hospital or hospital-~~
17 ~~controlled outpatient health care facility in excess of seven~~
18 ~~hundred fifty thousand dollars (\$750,000), excluding past and~~
19 ~~future medical expenses, shall be paid by the hospital or~~
20 ~~hospital-controlled outpatient health care facility and not by~~
21 ~~the fund. Beginning January 1, 2027, amounts due from a~~
22 ~~judgment or settlement against a hospital or hospital-~~
23 ~~controlled outpatient health care facility shall not be paid~~
24 ~~from the fund.~~

25 ~~L. The term "occurrence" shall not be construed in~~

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1 such a way as to limit recovery to only one maximum statutory
2 payment if separate acts or omissions cause additional or
3 enhanced injury or harm as a result of the separate acts or
4 omissions. A patient who suffers two or more distinct injuries
5 as a result of two or more different acts or omissions that
6 occur at different times by one or more health care providers
7 is entitled to up to the maximum statutory recovery for each
8 injury]."

9 SECTION 13. Section 41-5-7 NMSA 1978 (being Laws 1992,
10 Chapter 33, Section 5, as amended) is amended to read:

11 "41-5-7. MEDICAL EXPENSES AND PUNITIVE DAMAGES.--

12 A. Awards of past and future medical care and
13 related benefits shall not be subject to the limitations of
14 recovery imposed in Section 41-5-6 NMSA 1978.

15 B. The health care provider shall be liable for all
16 medical care and related benefit payments until the total
17 payments made by or on behalf of it for monetary damages and
18 medical care and related benefits combined equals the health
19 care provider's personal liability limit as provided in
20 Subsection [F] D of Section 41-5-6 NMSA 1978, after which the
21 payments shall be made by the fund.

22 C. [Beginning January 1, 2027, any amounts due from
23 a judgment or settlement against a hospital or outpatient
24 health care facility shall not be paid from the fund if the
25 injury or death occurred after December 31, 2026] Payments made

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underscored material = new
[bracketed material] = delete

1 from the fund for medical care and related benefits shall be
2 made as expenses are incurred.

3 D. This section shall not be construed to prevent a
4 patient and a health care provider from entering into a
5 settlement agreement whereby medical care and related benefits
6 shall be provided for a limited period of time only or to a
7 limited degree.

8 E. A judgment of punitive damages against a health
9 care provider shall be the personal liability of the health
10 care provider. Punitive damages may only be awarded if the
11 prevailing party demonstrates beyond a reasonable doubt that
12 the health care provider acted with malice, willful intent to
13 harm or wanton disregard for the rights or safety of others.
14 Punitive damages shall not be paid from the fund or from the
15 proceeds of the health care provider's insurance contract
16 unless the contract expressly provides coverage. Nothing in
17 Section 41-5-6 NMSA 1978 precludes the award of punitive
18 damages to a patient. Nothing in this subsection authorizes
19 the imposition of liability for punitive damages where that
20 imposition would not be otherwise authorized by law.

21 F. A punitive damage award against:

22 (1) a hospital or a hospital-controlled
23 outpatient health care facility shall not be in an amount that
24 exceeds three times the applicable limitation on compensatory
25 damages provided in Section 41-5-6 NMSA 1978; or

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(2) any other health care provider shall not be in an amount that exceeds the applicable limitation on compensatory damages provided in Section 41-5-6 NMSA 1978."

SECTION 14. A new section of the Medical Malpractice Act is enacted to read:

"[NEW MATERIAL] LIMITING ATTORNEY FEES.--

A. An attorney shall not contract for or collect a contingency fee for representing a person seeking damages in a malpractice claim in an amount that exceeds:

(1) thirty percent of the first two hundred fifty thousand dollars (\$250,000) recovered pursuant to a settlement agreement, an arbitration award or a judgment;

(2) twenty-five percent of the portion recovered pursuant to a settlement agreement, an arbitration award or a judgment that is more than two hundred fifty thousand dollars (\$250,000) but not more than five hundred thousand dollars (\$500,000) in value;

(3) twenty percent of the portion recovered pursuant to a settlement agreement, an arbitration award or a judgment that is more than five hundred thousand dollars (\$500,000) but not more than one million dollars (\$1,000,000) in value; and

(4) fifteen percent of the portion recovered pursuant to a settlement agreement, an arbitration award or a judgment that is more than one million dollars (\$1,000,000) in

1 value.

2 B. Any amount recovered pursuant to a settlement
3 agreement, an arbitration award or a judgment for a malpractice
4 claim that is covered by the fund shall not contribute to an
5 attorney's contingency fee."

6 **SECTION 15. APPROPRIATION.**--Three million dollars
7 (\$3,000,000) is appropriated from the general fund to the
8 medical residency loan repayment fund for expenditure in fiscal
9 year 2027 and subsequent fiscal years for the purposes of the
10 medical residency loan repayment fund. Any unexpended balance
11 remaining at the end of a fiscal year shall not revert to the
12 general fund.

13 **SECTION 16. APPLICABILITY.**--

14 A. The provisions of Sections 1 and 2 of this act
15 apply to taxable years beginning on or after January 1, 2026.

16 B. The provisions of Sections 11 through 14 of this
17 act apply to all claims for medical malpractice that arise on
18 or after the effective date of this act.