

HOUSE BILL 187

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

INTRODUCED BY

D. Wonda Johnson

10 | AN ACT

11 RELATING TO HEALTH CARE; ENACTING THE RURAL HOSPITAL
12 MALPRACTICE LIABILITY INSURANCE ACT; CREATING A GRANT THAT
13 RURAL HOSPITALS CAN RECEIVE TO COVER THE COSTS OF MEDICAL
14 MALPRACTICE LIABILITY INSURANCE PREMIUMS; MAKING AN
15 APPROPRIATION; DECLARING AN EMERGENCY.

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

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be cited as the "Rural Hospital Malpractice Liability Insurance Act".

**SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the
Rural Hospital Malpractice Liability Insurance Act:**

A. "department" means the department of health;

B. "health care underserved area" means a

geographic area or practice location in which it has been

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1 determined by the department, through the use of indices and
2 other standards set by the department, that sufficient health
3 care services are not being provided;

4 C. "premium grant" means money provided to a rural
5 hospital pursuant to the Rural Hospital Malpractice Liability
6 Insurance Act to cover the costs of malpractice liability
7 insurance premiums; and

8 D. "rural hospital" means a health care facility
9 licensed by the health care authority as a hospital that is
10 located in a rural or frontier area of the state, including a
11 critical access hospital.

12 **SECTION 3. [NEW MATERIAL] RURAL HOSPITAL MALPRACTICE**
13 **LIABILITY INSURANCE FUND.--**

14 A. The "rural hospital malpractice liability
15 insurance fund" is created as a nonreverting fund in the state
16 treasury. The fund consists of appropriations, gifts, grants,
17 donations, income from investment of the fund and any other
18 revenue credited to the fund. The department shall administer
19 the fund, and money in the fund is appropriated to the
20 department to carry out the provisions of this section.
21 Expenditures shall be by warrant of the secretary of finance
22 and administration pursuant to vouchers signed by the secretary
23 of health or the secretary's authorized representative.

24 B. A rural hospital may apply to the department, in
25 a form and manner prescribed by the department, for a premium

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1 grant. To be eligible for a premium grant pursuant to this
2 section, a rural hospital shall:

3 (1) demonstrate coverage, or an intent to be
4 covered, by a medical malpractice liability insurance policy
5 approved by the department of health;

6 (2) certify that all money granted to the
7 hospital pursuant to this section will be used exclusively for
8 paying malpractice liability insurance policy premiums;

9 (3) maintain operations and provide access to
10 essential health care services within a health care underserved
11 area;

12 (4) provide documentation required by the
13 department; and

14 (5) satisfy any other eligibility requirements
15 established by the department.

16 **SECTION 4. [NEW MATERIAL] DEPARTMENT DUTIES--REPORTING--**

17 The department shall:

18 A. promulgate rules to develop:

19 (1) a premium grant application form for rural
20 hospitals to use;

21 (2) eligibility criteria for receiving a
22 premium grant; and

23 (3) reporting requirements for rural hospitals
24 that receive a premium grant. Reporting requirements shall
25 include the requirement to submit:

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(a) financial documentation indicating the financial stability of the rural hospital;

(b) information on staffing levels at the rural hospital, including efforts to recruit and retain health care providers; and

(c) information on the types of services provided and the number of patients served by the rural hospital; and

B. submit an annual report to the legislative finance committee and the legislative health and human services committee that includes:

(1) the name of each rural hospital that has received a premium grant;

(2) the amount of money used to provide premium grants to rural hospitals;

(3) an update on the cost of medical malpractice liability insurance for rural hospitals; and

(4) an analysis of the effect that the premium grant has had on each rural hospital's:

- (a) financial stability;
- (b) health care workforce; and
- (c) ability to provide access to health care.

SECTION 5. APPROPRIATION.--Sixty-six million dollars (\$66,000,000) is appropriated from the general fund to the

1 rural hospital malpractice liability insurance fund for
2 expenditure in fiscal year 2026 and subsequent fiscal years to
3 carry out the purposes of the Rural Hospital Malpractice
4 Liability Insurance Act. Any unexpended balance remaining at
5 the end of a fiscal year shall not revert.

6 **SECTION 6. EMERGENCY.**--It is necessary for the public
7 peace, health and safety that this act take effect immediately.

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