

SENATE BILL

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

INTRODUCED BY

Natalie Figueroa and Jeff Steinborn

AN ACT

RELATING TO TAXATION; EXTENDING THE SUNSET DATE FOR A GROSS  
RECEIPTS TAX DEDUCTION FOR HEALTH CARE PRACTITIONERS AND  
EXPANDING THE DEDUCTION TO INCLUDE COINSURANCE.

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

**SECTION 1.** Section 7-9-93 NMSA 1978 (being Laws 2004,  
Chapter 116, Section 6, as amended) is amended to read:

"7-9-93. DEDUCTION--GROSS RECEIPTS--CERTAIN RECEIPTS FOR  
SERVICES PROVIDED BY HEALTH CARE PRACTITIONER OR ASSOCIATION OF  
HEALTH CARE PRACTITIONERS.--

A. Receipts of a health care practitioner or an  
association of health care practitioners for commercial  
contract services or medicare part C services paid by a managed  
care organization or health care insurer may be deducted from  
gross receipts if the services are within the scope of practice

1 of the health care practitioner providing the service.

2 Receipts from fee-for-service payments by a health care insurer  
3 may not be deducted from gross receipts.

4 B. Prior to July 1, ~~[2028]~~ 2031, receipts from  
5 coinsurance, a copayment or a deductible paid by an insured or  
6 enrollee to a health care practitioner or an association of  
7 health care practitioners for commercial contract services  
8 pursuant to the terms of the insured's health insurance plan or  
9 enrollee's managed care health plan may be deducted from gross  
10 receipts if the services are within the scope of practice of  
11 the health care practitioner providing the service.

12 C. The deductions provided by this section shall be  
13 applied only to gross receipts remaining after all other  
14 allowable deductions available under the Gross Receipts and  
15 Compensating Tax Act have been taken.

16 D. A taxpayer allowed a deduction pursuant to this  
17 section shall report the amount of the deduction separately in  
18 a manner required by the department.

19 E. The deductions provided by this section shall be  
20 included in the tax expenditure budget pursuant to Section  
21 7-1-84 NMSA 1978 with an analysis of the cost of the  
22 deductions.

23 F. As used in this section:

24 (1) "association of health care practitioners"  
25 means a corporation, an unincorporated business entity or other

1 legal entity organized by, owned by or employing one or more  
2 health care practitioners; provided that the entity is not:

3 (a) an organization granted exemption  
4 from the federal income tax by the United States commissioner  
5 of internal revenue as organizations described in Section  
6 501(c)(3) of the United States Internal Revenue Code of 1986,  
7 as that section may be amended or renumbered; or

8 (b) a health maintenance organization, a  
9 hospital, a hospice, a nursing home or an entity that is solely  
10 an outpatient facility or intermediate care facility licensed  
11 pursuant to the [~~Public Health Act~~] Health Care Code;

12 (2) "commercial contract services" means  
13 health care services performed by a health care practitioner  
14 pursuant to a contract with a managed care organization or  
15 health care insurer other than those health care services  
16 provided for medicare patients pursuant to Title 18 of the  
17 federal Social Security Act or for medicaid patients pursuant  
18 to Title 19 or Title 21 of the federal Social Security Act;

19 (3) "copayment" or "coinsurance" means [~~a~~  
20 ~~fixed dollar~~] an amount that a health care insurer or managed  
21 care health plan requires an insured or enrollee to pay upon  
22 incurring an expense for receiving medical services;

23 (4) "deductible" means the amount of covered  
24 charges an insured or enrollee is required to pay in a plan  
25 year for commercial contract services before the insured's

1 health insurance plan or enrollee's managed care health plan  
2 begins to pay for applicable covered charges;

3 (5) "fee-for-service" means payment for health  
4 care services by a health care insurer for covered charges  
5 under an indemnity insurance plan;

6 (6) "health care insurer" means a person that:

7 (a) has a valid certificate of authority  
8 in good standing pursuant to the New Mexico Insurance Code to  
9 act as an insurer, a health maintenance organization or a  
10 nonprofit health care plan or prepaid dental plan; and

11 (b) contracts to reimburse licensed  
12 health care practitioners for providing basic health services  
13 to enrollees at negotiated fee rates;

14 (7) "health care practitioner" means:

15 (a) a chiropractic physician licensed  
16 pursuant to the provisions of the Chiropractic Physician  
17 Practice Act;

18 (b) a dentist or dental hygienist  
19 licensed pursuant to the Dental Health Care Act;

20 (c) a doctor of oriental medicine  
21 licensed pursuant to the provisions of the Acupuncture and  
22 Oriental Medicine Practice Act;

23 (d) an optometrist licensed pursuant to  
24 the provisions of the Optometry Act;

25 (e) an osteopathic physician licensed

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1 pursuant to the provisions of the Medical Practice Act;

2 (f) a physical therapist licensed  
3 pursuant to the provisions of the Physical Therapy Act;

4 (g) a physician or physician assistant  
5 licensed pursuant to the provisions of the Medical Practice  
6 Act;

7 (h) a podiatric physician licensed  
8 pursuant to the provisions of the Podiatry Act;

9 (i) a psychologist licensed pursuant to  
10 the provisions of the Professional Psychologist Act;

11 (j) a registered lay midwife registered  
12 by the department of health;

13 (k) a registered nurse or licensed  
14 practical nurse licensed pursuant to the provisions of the  
15 Nursing Practice Act;

16 (l) a registered occupational therapist  
17 licensed pursuant to the provisions of the Occupational Therapy  
18 Act;

19 (m) a respiratory care practitioner  
20 licensed pursuant to the provisions of the Respiratory Care  
21 Act;

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

25 (o) a professional clinical mental

1 health counselor, marriage and family therapist or professional  
2 art therapist licensed pursuant to the provisions of the  
3 Counseling and Therapy Practice Act who has obtained a master's  
4 degree or a doctorate;

5 (p) an independent social worker  
6 licensed pursuant to the provisions of the Social Work Practice  
7 Act; and

8 (q) a clinical laboratory that is  
9 accredited pursuant to 42 U.S.C. Section 263a but that is not a  
10 laboratory in a physician's office or in a hospital defined  
11 pursuant to 42 U.S.C. Section 1395x;

12 (8) "managed care health plan" means a health  
13 care plan offered by a managed care organization that provides  
14 for the delivery of comprehensive basic health care services  
15 and medically necessary services to individuals enrolled in the  
16 plan other than those services provided to medicare patients  
17 pursuant to Title 18 of the federal Social Security Act or to  
18 medicaid patients pursuant to Title 19 or Title 21 of the  
19 federal Social Security Act;

20 (9) "managed care organization" means a person  
21 that provides for the delivery of comprehensive basic health  
22 care services and medically necessary services to individuals  
23 enrolled in a plan through its own employed health care  
24 providers or by contracting with selected or participating  
25 health care providers. "Managed care organization" includes

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1 only those persons that provide comprehensive basic health care  
2 services to enrollees on a contract basis, including the  
3 following:

- 4 (a) health maintenance organizations;
- 5 (b) preferred provider organizations;
- 6 (c) individual practice associations;
- 7 (d) competitive medical plans;
- 8 (e) exclusive provider organizations;
- 9 (f) integrated delivery systems;
- 10 (g) independent physician-provider  
11 organizations;
- 12 (h) physician hospital-provider  
13 organizations; and
- 14 (i) managed care services organizations;
- 15 and

16 (10) "medicare part C services" means services  
17 performed pursuant to a contract with a managed health care  
18 provider for medicare patients pursuant to Title 18 of the  
19 federal Social Security Act."

20 SECTION 2. EFFECTIVE DATE.--The effective date of the  
21 provisions of this act is July 1, 2026.