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FISCAL IMPACT REPORT

BILL NUMBER: CS/House Bill 195/HHHCS/aHJC

SHORT TITLE: Collection of Medical Malpractice Judgements

SPONSOR: House Health and Human Services Committee

LAST ORIGINAL
UPDATE: 02/14/2026 **DATE:** 02/08/2026 **ANALYST:** Jacobs

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
OSI	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund
AOC	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund
Total	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to House Bills 99, 107, 143, and Senate Bill 173

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

- Administrative Office of the Courts
- Health Care Authority
- Office of Superintendent of Insurance

SUMMARY

Synopsis of HJC Amendment to HHC Substitute for House Bill 195

The House Judiciary Committee (HJC) amendment to the House Health and Human Services Committee (HHHC) substitute for House Bill 196 adds “osteopathic physician” to the definition of independent provider.

Synopsis of HHHC Substitute for House Bill 195

The House Health and Human Services Committee (HHHC) substitute for House Bill 195 (HB195) introduces a new section to Chapter 42 Article 10 NMSA 1978 that would limit the collection of medical malpractice judgments from the personal assets of insured independent

providers. The committee substitute strikes a provision that would have allowed courts to reduce or nullify a damage award if the plaintiff is found to have made certain impermissible allegations.

The bill also offers a definition for “independent provider” and clarifies it does not mean a person or entity protected pursuant to the Tort Claims or the Federal Tort Claims Acts.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

HB195 would prohibit a plaintiff making a claim under the Medical Malpractice Act from collecting on a judgement against the personal assets of an independent provider. The bill would require the independent provider maintain: 1) qualification under the provisions of the Medical Malpractice Act and 2) an insurance policy with a policy limit on recovery of at least one million dollars (\$1,000,000) per occurrence.

The Health Care Authority does not report any fiscal impacts related to HB195.

The Administrative Office of the Courts (AOC) reports minimal fiscal impacts to the judiciary associated with rule changes.

SIGNIFICANT ISSUES

Punitive Damages. Section 41-5-6, NMSA 1978, outlines limitations on malpractice settlements; however, it does not include punitive damages and past and future medical care and related expenditures. An LFC survey found that 65 percent of New Mexico physicians surveyed are currently considering leaving the state to practice elsewhere. Of New Mexican physicians who are considering leaving the state, 83 percent reported the cause as punitive damages associated with medical malpractice—the most picked option—with 76 percent citing medical malpractice and 51 percent citing quality of life and compensation.

Workforce Shortages. New Mexico continues to face a critical, chronic shortage of health professionals across the disciplines, particularly in rural areas. Thirty-two of 33 New Mexico counties are designated as health professional shortage areas (HPSAs) in primary care, behavioral health, dental health, or a combination of the three. On average, New Mexico needs at least an additional 5,000 healthcare workers to address current shortages. In December 2025, according to the Workforce Solutions Department, 69 percent of online job postings were for health and personal care and 15 percent of those were postings for physicians.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to House Bills 99, 107, 143, and Senate Bill 173. House Bill 107 proposes to cap medical malpractice fees broadly, while Senate Bill 173 expands the type of medical malpractice liability insurance that qualifies within the Medical Malpractice Act. House Bills 99 and 143 both propose broader changes to the Medical Malpractice Act.

OTHER SUBSTANTIVE ISSUES

OSI provides:

The bill would not provide any protection to medical providers in licensed professions outside of the bill's enumerated list, which would exclude, for example, most nurses. It would similarly afford no protection for individual medical providers who are employed by hospitals or outpatient facilities.

ALTERNATIVES

OSI notes that under the Medical Malpractice Act, the agency already makes annual determinations on whether providers are a "qualified health care provider". This process includes submission of proof of an insurance policy that meets the act's requirements. As an alternative to HB195 requiring an independent provider establish their qualification under the act to the court, OSI suggests courts be allowed to contact the agency directly.

HJ/cf/sgs/hg/sgs