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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 16

SHORT TITLE: Health Professional Autonomy Act

SPONSOR: Sedillo-Lopez

LAST UPDATE: _____ **ORIGINAL DATE:** 1/20/2026 **ANALYST:** Rodriguez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
New Mexico Attorney General's Office	No fiscal impact	At least \$160.0	At least \$160.0	At least \$320.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Health Care Authority

Office of Superintendent of Insurance

University of New Mexico Health Sciences Center

Office of the Attorney General

SUMMARY

Synopsis of Senate Bill 16

Senate Bill 16 (SB16) enacts the Health Professional Autonomy Act, which prohibits healthcare entities from interfering with the professional judgment or clinical decision-making of a healthcare provider, except as required by applicable licensing or accreditation standards. Healthcare decisions include diagnostic testing, referrals, treatment options, and patient care.

The bill further provides that injuries resulting from a violation of the act may be brought before a district court and may be remedied through damages, punitive damages, injunctive relief, and attorney fees. In addition, the bill authorizes the New Mexico Attorney General to initiate enforcement actions against healthcare entities believed to be in violation of the act.

For purposes of the act, “healthcare entities” include hospitals, healthcare providers, telemedicine providers, staffing companies, healthcare provider organizations, and management services organizations but does not include federally qualified health centers, independent healthcare practices, or state-owned hospitals.

The effective date of this bill is July 1, 2026.

FISCAL IMPLICATIONS

SB16 may result in additional responsibilities for the New Mexico Attorney General's Office (NMAG). NMAG may require additional staff and contractual services to enforce the act. The fiscal impact report assumes NMAG would need to hire at least one additional attorney to enforce the act.

SIGNIFICANT ISSUES

Exclusion of Certain Hospitals and Practices. The bill exempts federally qualified health centers, independent healthcare practices, and state-owned special hospitals operated by the Department of Health from the purview of the act.

In its analysis of the bill, the University of New Mexico (UNM) notes state-owned academic medical centers should also be exempt from this bill. UNM notes, “Failing to exempt these institutions risks disrupting integrated care delivery and patient-safety infrastructure while creating disproportionate legal and fiscal exposure for public entities and taxpayers” and could create “substantial operational, legal, and patient-safety concerns for large, integrated health systems and academic medical centers.”

Direct or Indirect Interference. SB16 prohibits healthcare entities from directly or indirectly interfering with a healthcare professional’s judgment or clinical decisions. UNM notes the language creates “ambiguity that could constrain patient-safety and quality-assurance practices that are foundational to modern hospital-based care.” UNM elaborates that academic medical centers use standardized practices—such as evidence-based protocols, utilization oversight, and peer review—to support patient care, improve outcomes, and manage clinical risk, without coercing clinicians.

Workforce Management. SB16 prohibits healthcare entities from determining how many patients a healthcare provider can see in a given time period. UNM notes the language could restrict tools—such as productivity benchmarks, scheduling templates, and incentive models—that are used to ensure patient access and manage limited clinical capacity.

Civil Investigative Demand. As noted by NMAG, the bill does not enable civil investigative demand (CID) authority for NMAG to gather information, documents, and other relevant information before a lawsuit is filed. CID is similar to subpoena power.

Litigation and Damages. As noted by NMAG, the private right to action proposed by this creates a new category of litigation that could run parallel to a medical malpractice claim under the Medical Malpractice Act. NMAG highlights the following differences and similarities:

- The Medical Malpractice Act establishes a medical review commission process before a suit may be brought, while the Health Professional Autonomy Act would allow direct access to the courts.
- The Medical Malpractice Act allows three years to file a malpractice claim, while the Health Professional Autonomy Act does not include language on timelines.
- The Medical Malpractice Act caps compensatory damages, which the Health Professional

Autonomy Act would not.

Also relevant, SB16 outlines the possible remedy provided through the Health Professional Autonomy Act is in addition to other available remedies.

UNM also notes the bill lacks guardrails regarding eligible plaintiffs, exhaustion of internal grievance or peer review processes, or interaction with existing governmental liability frameworks. UNM explains that governmental entities and public hospitals are subject to the New Mexico Tort Claims Act. However, by authorizing punitive damages and mandatory attorney-fee shifting, the bill could be creating a new legal right to remedies that are not normally allowed when suing public hospitals. UNM argues the bill could result in routine claims being reframed as autonomy claims to access enhanced remedies, which would increase litigation, defense costs, settlement pressure, and potential fiscal exposure for public medical centers.

OTHER SUBSTANTIVE ISSUES

Injury. The bill does not define “injury.” As noted by the Health Care Authority (HCA), it is unclear whether the act’s remedies for violations apply solely to individuals who are harmed or also extend to health professionals who face employment actions or malpractice claims resulting from an entity’s violation of the act.

Insurance Companies. As noted by the Office of Superintendent of Insurance, it is unclear whether insurers are included in the definition of a “health care entity.” The bill defines a healthcare entity as a person that provides or supports the provision of healthcare services to patients in New Mexico. Although the bill lists examples of covered entities, the list is not definitive or exhaustive.

Similar Legislation in Other States. California’s Business and Professions Code prohibit the corporate practice of medicine and prevents corporations and other artificial entities from interfering with a licensed physician’s professional judgement. The Medical Board of California’s interprets statute as prohibiting unlicensed people from determining the necessary diagnostic tests, referrals, and holding responsible for the care of a patient. New Mexico does not have a formal corporate practice of medicine doctrine.

TECHNICAL ISSUES

The New Mexico Attorney General notes the bill effectively creates new substantive law through its definitions, which is generally discouraged. For example, the bill’s definitions exclude independent healthcare practices and state-owned hospitals from the purview of the act.

In addition, the bill’s inclusion of “health care providers” within the definition of “health care entities” may have the effect of prohibiting one provider from influencing the clinical judgment or decision making of another provider. It is unclear whether that was the intent of the bill.

ALTERNATIVES

As noted by the Health Care Authority (HCA), provider associations, including the American Medical Association, recommend that employment contracts include provisions affirming a

healthcare professional's right to advocate for patients and to exercise independent clinical judgment, even when such decisions may not align with an employer's financial or operational interests. HCA further notes that many health professionals lack access to attorneys with expertise in hospital employment contracts who could review these agreements and negotiate language that explicitly recognizes providers' ethical obligations to their patients.

JR/rl/hg/rl