

LFC Requester:

Julisa Rodriguez

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original x **Amendment** _____
Correction _____ **Substitute** _____

Date Prepared: February 1, 2024

Bill No: HB306

Sponsor: Rep. Christine Chandler

Agency Name and Code Number: 305 – New Mexico
Department of Justice

Short Title: Hospital Financial
Transparency Reports

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis:

House Bill 306 (“HB 306” or “the Bill”) proposes an additional section within the statutes creating and empowering the Office of the Superintendent of Insurance (“OSI”). See NMSA 1978, §§ 59A-2-1 through -17. The proposed section would require hospitals—or their parents entities—that wish to be protected by the monetary caps on damages for medical malpractice suits to provide the OSI with information each year. The information obtained by OSI would be published on a searchable database on the OSI’s website. The information a hospital would be required to provide under the bill includes, among other information, whether the hospital is for-profit or non-profit; the hospital’s parent entity and location of incorporation/headquarters; the parent entity’s ownership stake and, if not wholly owned, the names and percentages of other owners; the net worth of the parent corporation; the annual compensation of key executives and board members; and malpractice claims against the hospital and its providers going back ten years.

As an incentive to comply with the annual information production to the OSI, HB 306 provides that if a hospital fails to comply, the hospital will be barred from claiming the benefits of monetary caps on damages for lawsuits initiated against the hospital. The Bill also provides a \$50,000 appropriation for implementation.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

HB 306 consistently refers to parent or subsidiary business entities as “corporations.” New Mexico law provides for additional types of business entities that may be engaged in parent or subsidiary relationships with hospitals. Namely, limited liability companies, are frequently a favorable form of business organization, even for large entities. See NMSA 1978, §§ 53-19-1 through -74. The Bill may benefit from changing all references to “corporations” to “entities” so as to not inadvertently exclude business entities that would otherwise be the subject of regulation under the proposals in the Bill.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 15 additionally seeks to amend the authorities and responsibilities of the OSI. It does not, however, seemingly conflict with HB 306.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

See Significant Issues, supra.