

LFC Requester:	Julisa Rodriguez
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

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 **Amendment** _____
Correction _____ **Substitute** _____

Date 2/1/2024
Bill No: HB 304

Sponsor: Chandler
Short Title: Rural Hospital Malpractice Surcharge

Agency Name and Code 440 OSI
Number: _____
Person Writing Tim Vigil
Phone: 505 690-0651 **Email** Timothy.vigil@osi.nm

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	\$10,000	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
N/A	N/A	N/A		

(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		\$600	\$600	\$1,800	Recurring	OSI

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: HB 234
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB 304 creates an appropriation of \$10,000,000 to the OSI to administer a program to assist small rural hospitals to pay surcharges for Medical Malpractice Act coverage. Any funds remaining at the end of a fiscal will not revert to the general fund. A hospital owned, managed or operated by an out-of-state corporation or other legal entity would not be eligible for the assistance.

FISCAL IMPLICATIONS

The bill limits the use of the appropriation for assistance to qualified small rural hospitals for Medical Malpractice Act surcharges. This is a non-recurring appropriation.

The bill does not provide funds to OSI to establish and administer the program. Without a corresponding increase in funding for the necessary staff to implement and then operate program, OSI would be tasked with determining eligibility and then distributing a significant amount of funding without the necessary resources for program development, an eligibility determination platform, or additional staff/contractors to process payments.

SIGNIFICANT ISSUES

No recurring funding source is created. No definition for small rural hospital is provided. Providing financial assistance to the hospitals raises possible Anti-Donation issues (Art. IX, section 14). Excluding out-of-state corporations or other legal entities raises potential equal protection issues.

PERFORMANCE IMPLICATIONS

The OSI will need additional funding and staff to develop and administer the program.

ADMINISTRATIVE IMPLICATIONS

Rulemaking would be necessary to establish the program. The time required to draft and then

enact the necessary rules will delay implementation of the program through at least the first quarter of FY2025. HB304 does not provide any guidance with respect to the calculation or allocation of the assistance provided to the individual rural hospital.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 234 resembles the special \$8.1 million appropriation for independent rural hospitals in HB2.

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Medical malpractice surcharge assistance will not be available to small rural hospitals.

AMENDMENTS

The OSI recommends an amendment that provides an operations appropriation to the OSI for the development and administration of the program.