

LFC Requester: Julisa Rodriguez

AGENCY BILL ANALYSIS
2024 REGULAR SESSION

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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 2/8/2024

Bill No: HB 304a

Sponsor: Chandler
Short Title: Rural Hospital Malpractice
Surcharge

Agency Name
and Code 440 OSI
Number:

Person Writing: Tim Vigil
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	\$8,100	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	N/A	N/A	N/A	N/A		

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

The House Appropriations & Finance Committee made two amendments to HB 304. Those amendments are:

(1) Struck from line 16 and 17 Ten Million dollars (\$10,000,000) from page one add Eight million One hundred thousand dollars (\$8,100,000); and

(2) Inserted line 21 after Malpractice Act “, to aid hospitals who care for the sick and indigent and publicly owned hospitals that purchase medical malpractice insurance.

As amended, HB 304 creates an appropriation of \$8,100,000 to the OSI to administer a program to assist small rural hospitals that care for the sick and indigent, including publicly owned hospitals that purchase malpractice insurance, to pay surcharges for Medical Malpractice Act coverage. Any funds remaining at the end of a fiscal year 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.

SIGNIFICANT ISSUES

No recurring funding source is created. No definition for small rural hospital is provided. The amendment adding the phrase “to aid hospitals who care for the sick and indigent and publicly owned hospitals that purchase medical malpractice insurance” could address any anti-donation concerns. Excluding out-of-state corporations or other legal entities raises potential equal protection issues.

PERFORMANCE IMPLICATIONS

None

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. HB 304 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 304 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

None