

LFC Requester:

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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****[AgencyAnalysis.nmlegis.gov](https://agencyanalysis.nmlegis.gov) and email to billanalysis@dfa.nm.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}***Date Prepared:** 2/11/25*Check all that apply:***Bill Number:** SB14Original ☐ Correction ☐Amendment ☐ Substitute ☒**Sponsor:** Sen. DuhiggHealthcare Consolidation and
Transparency Act**Agency Name****and Code**HCA-630**Number:****Person Writing**Colin Baillio**Short****Title:****Email** Colin.Baillio@hca.nm**Phone:** 505-629-2684 : .gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0	\$0	NA	NA

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0	\$0	\$0	NA	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		TBD	TBD	TBD	TBD	

(Parenthesis () Indicate Expenditure Decreases)

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

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 14 (SB 14) adds a new section to the New Mexico Insurance Code cited as the "Health Care Consolidation and Transparency Act". The law provides an amended continuation of SB 15 (2024), which created a process to review and approve mergers, acquisitions, and other material changes in control of certain health care entities doing business in the state and would otherwise be repealed as of July 1, 2025.

Section 1 establishes the Act's title as the "Healthcare Consolidation and Transparency Act" and outlines its primary objectives, which are to oversee health care consolidation, to maintain competitive markets, and safeguard consumer interests.

Section 2 defines key terms used throughout the Act.

Section 3 ~~exempts certain types of transactions from OSI's oversight, such as the formation of new independent health care practices, transactions involving control of existing independent practices if they remain independent following the transaction, and joint ventures or affiliations between two independent practices. Transactions~~ **states that proposed transactions that are subject to the law include those between two or more parties that involve change of control of a New Mexico hospital and acquisitions of provider organizations by hospitals/hospital-affiliated entities and health insurers/insurer-affiliated entities.** ~~those that involve one or more parties that involve a New Mexico Hospital; involve an existing health care entity or creation of a new entity doing business in New Mexico and either includes a party to the transaction with average annual revenue of \$40,000,000 in the preceding 3 years or for a new entity that is projected to have \$20,000,000 in operating revenues in its first three of its five years of operations; or for non-hospitals that don't meet the \$20,000,000 revenue threshold are part of a series of transactions within the previous five-year period that involves an acquisition, merger, or change of control.~~ The section also exempts certain arrangements from the Act, such as clinical trials, research programs, federally qualified health centers and look-alikes, hiring practices and terms of employment, employers that purchase health care, changes in a board of directors, transactions in which intermediaries already control all other parties in the transaction, non-consecutive agreements between or on behalf of staffing companies. The section also establishes a rebuttable presumption of control if a party to the transaction gains 15% of controlling power.

~~Section 4 makes all documents submitted to OSI subject to IPRA. The entity must identify information that constitutes a trade secret and submit a written request to designate specific information as a trade secret and submit a version of the document that does not include trade secrets. OSI can determine whether the information meets the standard of a trade secret. If OSI shares any information with other state agencies or experts, it must identify it in a separate filing. Confidentiality must be maintained for any information deemed to be a trade secret. The section defines trade secrets as financial statements that are not otherwise publicly available, provider reimbursement rates negotiated with a payer and provider, and amounts paid by a contract or through an employment agreement to individual employees, including benefits. Copies of~~

~~agreements between parties are not public records until thirty days after the effective date of the transaction.~~

Section 45 establishes the timeline for notice and transaction review. Within 60 days of receiving a completed notice, OSI must complete a preliminary review. If a comprehensive review is needed, OSI must complete the review within 90 days or 180 days if an administrative hearing is needed. Includes tolling provisions if OSI is waiting for additional information from parties to the transaction. **The Section also requires all agreements and related documentation to be kept confidential and exempt from IPRA.**

Section 56 requires entities to notify OSI of the proposed transaction at least 60 days before the anticipated effective date of the transaction. Costs incurred by OSI or the HCA during the review, including consultant costs. OSI must notify parties of the experts retained to review the transaction. The section lists the types of materials that must be submitted with the notice of a proposed transaction. OSI must consult with HCA about the potential impact of the proposed transaction and incorporate HCA's review into the final determination. All notices and documents received by OSI must be provided to the Attorney General. The Attorney General may provide OSI input related to any antitrust issues or issues related to other state and federal laws. OSI may consult with other state agencies if the agency has expertise on elements related to the transaction. Allow OSI to retain experts to review transactions. Requires entities subject to the Act to get a written determination from the Superintendent that a comprehensive review is not needed. Any conditions resulting from a comprehensive review must be followed. Allows OSI to waive a comprehensive review in emergency situations.

Section 67 lays out the process, timeline, and criteria for preliminary reviews. The preliminary review criteria relates to whether a transaction is in the interests of patients and consumers, is necessary to maintain the solvency of a health care entities, may have negative effects on affordability and access, may have negative effects on health care workers, may impose practice restrictions on providers, and other factors deemed necessary or appropriate. Following the preliminary review, OSI must notify the parties to the transaction of whether a comprehensive review is needed.

Section 8-7 lays out the process, timeline, and criteria for comprehensive reviews. Comprehensive reviews must have a public comment forum. The criteria for the comprehensive review focuses on reductions in essential services, access and affordability of health care, quality of care, changes in market share and competition, the labor market and competition for health care workers, changes in practice restrictions, employment protections and labor conditions, patient and payer costs, impacts on health outcomes, cost trends, access in underserved areas, quality issues with any parties to the transaction, any legal issues with transaction, and other factors determined by OSI. Following the review, OSI must inform the parties of whether the transaction is approved, approved with conditions, or whether an administrative hearing is needed to consider a disapproval due to significant negative impacts on affordability and access to care or anticompetitive effects that outweigh the benefits of the transaction. A final determination must be made within 30 days of the administrative hearing if the hearing is needed.

Section 9-8 requires OSI to publish summaries of transaction information after a transaction notice has been received. OSI must also provide a way for the public to submit comments about the transaction. During a comprehensive review, OSI must hold at least one public comment forum in the service area affected by the transaction.

Section 109 gives OSI oversight of parties' compliance with the terms of conditions established by the office. Allow OSI to retain experts for these post-transaction oversight activities. The section provides an avenue to modify conditions based on changing circumstances. One, two, and five-year post-transaction reports must be submitted by parties that provide information about the status of the transaction and other pertinent information.

Section 106 creates whistleblower protections for individuals who report violations of the Act. The section disallows retaliatory actions against whistleblowers. Allows OSI to impose an administrative fine of up to \$10,000 per violation on entities that engage in retaliatory actions against whistleblowers. An administrative hearing may be initiated regarding retaliatory actions. Fines can increase up to \$15,000 per day if retaliatory actions continue past the deadline set by OSI.

Section 11 gives OSI enforcement authority over the Act. OSI can impose administrative fines up to \$5,000 per violation of the act, unless the violation is willful and intentional, in which case the fine can be up to \$10,000 per violation. Transactions subject to OSI's oversight under the Act that are effectuated without completing the notice and review process may be required to complete a review and if the violation was willful and intentional, OSI may impose an administrative fine up to \$15,000 per day that the notice of the transaction should have been filed.

Section 12 requires most health care entities to disclose their ownership and control to OSI. **The Section exempts providers and provider organizations that appear in the organizational chart of a controlling person also subject to the Act and newly formed provider organizations.** The information must be compiled by OSI, and a public summary of the information must be released by OSI by October 1, 2026, and each year thereafter. ~~The information submitted under this section is subject to IPRA unless it includes trade secret information.~~

Section 13 clarifies that the Act does not limit the powers of the Attorney General in any way.

Section 14 gives New Mexico courts personal jurisdiction over parties to a transaction under the Act.

Section 15 clarifies post-transaction requirements for entities.

~~Section 16 creates whistleblower protections for individuals who report violations of the Act. The section disallows retaliatory actions against whistleblowers. Allows OSI to impose an administrative fine of up to \$10,000 per violation on entities that engage in retaliatory actions against whistleblowers. An administrative hearing may be initiated regarding retaliatory actions. Fines can increase up to \$15,000 per day if retaliatory actions continue past the deadline set by OSI.~~

Section 167 establishes the effective date of the Act as July 1, 2025.

FISCAL IMPLICATIONS

State Health Benefits

Health care consolidation is associated with rising health care costs according to an emerging field of research. While this bill could potentially impact State Health Benefits (SHB) costs indirectly, the extent of this impact cannot be determined without details of specific transactions and their effects on New Mexico's health care market. SHB does not anticipate any direct fiscal impact on the Bureau.

However, the review process outlined in SB 14 may have a fiscal impact on the SHB program, depending on the scope of the review and the level of expertise required. This potential fiscal impact would be evaluated on a case-by-case basis and would depend on the current hourly rates of actuaries and auditors contracted by the SHB program, should their services be required for the review or analysis of any proposals.

Section 6-5 of the bill allows the HCA to charge these costs to the parties involved in the transaction, thereby eliminating any impact on the General Fund related to SHB.

Medicaid

The Bill had no direct impact on the Medicaid program. The creation and administration of the Bill are the responsibility of the Office of State Insurance.

SIGNIFICANT ISSUES

This bill impacts a larger number of health care entities than the version passed during the 2024 legislative session. At the same time, it increases the monetary thresholds for transactions that are subject to oversight. The bill also increases transparency and gives the public opportunities to weigh in on transactions, including public comment forums for transactions that require comprehensive review.

Section 12 does not explain the date by which health care entities would be required to submit information about ownership and control.

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

State Health Benefits

It is not clear whether SHB will have any role in reviewing transactions as part of the HCA, but if so, SHB would need to understand how to identify, submit, and obtain reimbursement for any experts contracted to assist with analysis.

No IT impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None known at this time.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

While [New Mexico](#) has fewer private equity-owned hospitals (17 facilities) compared to other states, NM has the highest proportion of private equity-backed hospitals in the U.S. at 38%.

A 2023 study published in [JAMA](#) examined 662,095 hospitalizations at 51 private equity–acquired hospitals and 4,160,720 hospitalizations at 259 matched control hospitals using 100% Medicare Part A claims data. Private equity acquisition was associated with a 25.4% increase in hospital-acquired conditions, which was driven by falls and central line–associated bloodstream infections. Medicare beneficiaries at private equity hospitals were modestly younger and less likely to have dual eligibility for Medicare and Medicaid.

A 2025 study analysis published in [JAMA](#) examined 73 private equity–acquired hospitals and 293 matched control hospitals and their performance measures related to patient care experience. The analysis found patient care experience worsened after private equity acquisition of hospitals, as did patient-reported staff responsiveness. The difference in these measures of patient care experience at private equity–acquired hospitals compared with matched control hospitals increased with each subsequent year after acquisition.

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

There will not be a review process for health care transactions in New Mexico.

AMENDMENTS

N/A