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FISCAL IMPACT REPORT

SPONSOR	House Health and Human Services	LAST UPDATED	03/02/2025
	<u>Committee</u>	ORIGINAL DATE	02/22/2025
SHORT TITLE		BILL	CS/House Bill
		NUMBER	370/HHHCS/aHCE
	<u>Health Care Professionals Credentialing</u>		DC
		ANALYST	<u>Rommel</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
RLD	No fiscal impact	No fiscal impact	No fiscal impact			Other state funds
NMMB	No fiscal impact	No fiscal impact	No fiscal impact			Other state funds

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

Regulation and Licensing Department (RLD)

New Mexico Medical Board (NMMB)

SUMMARY

Synopsis of HCEDC Amendment to House Bill 370

The House Commerce and Economic Development amendment to House Health and Human Services Committee Substitute for House Bill 370 (HB370) inserts a clause on page 3, line 4 that a hospital credentialing authority may consider an applicant's status as a defendant in a malpractice lawsuit when evaluating their qualifications for credentialing and/or hospital admitting privileges.

Synopsis of HHC Substitute for House Bill 370

The House Health and Human Services Committee Substitute for House Bill 370 prohibits hospitals from denying a physician medical staff membership or clinical privileges based on economic factors unrelated to the quality of care or professional competence. Hospitals must apply reasonable, objective standards for evaluating an applicant's credentials, and, whenever possible, ensure that the staff who evaluate applicants include members of that applicant's profession.

HB370 further specifies the following factors that hospitals cannot consider when evaluating an applicant's qualifications:

1. Membership or lack thereof in a professional society or association that is not a competence certification organization;
2. Advertising decisions, lower fees, or other competitive acts meant to solicit business;
3. Participation in prepaid group health plans, salaried employment, or any other manner of delivering health services for compensation;
4. Support for, training of, or participation in a private group practice with members of a particular class of health professionals;
5. Practice of testifying in malpractice lawsuits, disciplinary actions, or other legal proceedings, unless the applicant is a named defendant in a malpractice lawsuit;
6. Willingness to send a certain number of patients to the hospital for services, provided that nothing in this clause shall be construed to prohibit the credentialing authority of a hospital from requiring an applicant to have performed a minimum number of patient encounters in a certain timeframe to ensure the applicant's proficiency;
7. Whether an applicant is providing medical or health services at another hospital, hospital system, outpatient facility, or other licensed healthcare facility; or
8. Any other economic criteria unrelated to quality of care or professional competence.

The bill applies to hospitals receiving local, state or federal funds. Health care facilities owned and operated by the University of New Mexico (UNM) health system are exempt from the provisions of HB370.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns.

FISCAL IMPLICATIONS

HB370 contains no appropriation.

RLD and NMMB indicated no fiscal impact from the provisions of HB370.

SIGNIFICANT ISSUES

New Mexico continues to face critical, chronic shortages of healthcare professionals across nearly all disciplines. Thirty-two of 33 counties are designated as or contain federally designated health professional shortage areas in the areas of primary care, mental health, and dental health.¹

The provisions of HB370 may facilitate physicians practicing at more than one facility. This could alleviate transient shortages in hospital departments by allowing physicians to “moonlight” at more than one facility.

Hospitals would be allowed to require a certain number of patient encounters to credential a physician, which may ensure that physicians are proficient in certain specialty procedures prior to hiring. This provision could influence a physician or hospital's decision when entering into a contract.

¹ <https://data.hrsa.gov/tools/shortage-area/hpsa-find>

OTHER SUBSTANTIVE ISSUES

24A-4-1 NMSA 1978 et. seq. (Health Care Code) governs health care practitioner agreements including applicability and enforceability provisions.

HB370 applies to physicians, though some hospitals convey medical staff privileges on dentists.

HR/hj/SL2/hg/rl/SL2