

Address

Policy Number

Policy Effective Date

Date

House Bill (HB) 11 Modified HB 75 Effective January 1, 2022

Dear [Title, Last Name],

To comply with the provisions of HB 75, The Doctors Company rewrote your professional liability policy effective January 1, 2022.

The dramatic changes made to the New Mexico Medical Malpractice Act (MMA) by HB 75 took effect on January 1, 2022. However, prior to the close of 2021, HB 11 was signed by Governor Michelle Lujan Grisham, which made some minor changes to mitigate some of the negative impact of HB 75.

- ▶ Beginning calendar year 2022, the aggregate dollar amount recoverable by all persons as a result of malpractice, except for punitive damages and past and future medical care, for claims brought against a hospital or an outpatient facility that is majority-owned and controlled by a hospital, for an injury or death that occurs in calendar year 2022, is \$4,000,000. This amount increases by \$500,000 each year until 2026. Then, beginning in 2027, the amount will be adjusted annually by the consumer price index (CPI).
- ▶ HB 75 had provided that healthcare providers deemed to be agents of hospitals and other facilities would be subject to the higher cap. HB 11 removed the reference to agents, which had caused great concern that healthcare providers following or treating patients in hospitals might be subject to the multimillion-dollar cap.
- ▶ HB 11 created a distinction between majority hospital-owned/controlled outpatient healthcare facilities which are currently subject to the \$4,000,000 cap and those that are not majority hospital-owned/controlled. Until 2023, other nonhospital-owned/controlled outpatient healthcare facilities are subject to the \$750,000 cap (plus annual CPI adjustments). However, beginning in 2024, all outpatient healthcare facilities will be subject to the same cap as hospitals and hospital-owned/controlled facilities.

We strongly urge you to continue your review of the potentially devastating impacts of HB 75 on your practice with your personal counsel.

Your Medical Professional Liability Insurance Rates and State-Mandated Patient Compensation Fund (PCF) Assessments Increased Beginning January 1, 2022

As a recap to our previous communications from June, August, and October 2021, all the following occurred on January 1, 2022:

- ▶ The underlying professional liability limit from The Doctors Company increased from \$200,000 to \$250,000, and the cap on nonmedical damages for independent providers increased from \$600,000 to \$750,000.
- ▶ The increase in your premium is primarily due to both the increase in limit from \$200,000 to \$250,000, as well as an average 12.2 percent increase in PCF surcharges imposed by the Office of Superintendent of Insurance (OSI) in New Mexico for independent providers.
- ▶ The definition of who qualifies to participate in the PCF has expanded to include nurse practitioners, clinical nurse specialists, certified nurse-midwives, and a business entity's employees.

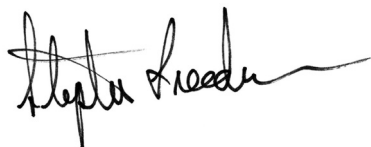
Despite our advocacy efforts on your behalf against the New Mexico Trial Lawyers Association over the last several years, HB 75 passed, thereby significantly changing the practice of medicine in New Mexico. HB 11 mitigates, at least partially and/or temporarily, some of the biggest issues created by HB 75. However, many challenges remain.

Please take the time to review the impacts of HB 75 and HB 11 on your practice with your counsel.

Learn More About HB 75 and HB 11 and Its Potential Effects on Your Practice

Please visit our comprehensive webpage at thedoctors.com/HB75Updates.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Freedman", with a long horizontal flourish extending to the right.

Stephen Freedman
Senior Vice President
Regional Operating Officer