

SUPREME COURT OF NEW MEXICO

Hem v. Toyota Motor Corp.

8 N.M. Ct. App. 245 (2015) · No. No. 33,775 · Decided June 25, 2015

SUMMARY

The New Mexico Supreme Court answers two certified questions concerning Article IV, Section 32 of the New Mexico Constitution and a state hospital's compromise of a patient's hospital lien. The Court holds that the provision's first clause limits only the Legislature and that a state hospital may compromise an undisputed patient debt when the compromise is approved through payment into the treasury or a proper court proceeding. The Court partially overrules *Gutierrez v. Gutierrez* to the extent it required a good-faith dispute over liability or amount owed.

CASE DETAILS

COURT	Supreme Court of New Mexico
WRITING FOR THE COURT	Barbara J. Vigil, Chief Justice; Petra Jimenez Maes, Justice; Richard C. Bosson, Justice; Edward L. Chávez, Justice; Charles W. Daniels, Justice
JURISDICTION	New Mexico
DECIDED	June 25, 2015
DOCKET	No. 33,775
DISPOSITION	other
PROCEDURAL POSTURE	Certification from the United States District Court for the District of New Mexico under NMSA 1978, Section 39-7-4 and Rule 12-607 NMRA.
STANDARD OF REVIEW	De novo review of issues of statutory and constitutional interpretation.
PRECEDENTIAL VALUE	Published precedential opinion

TOPICS

constitutional law interpleader appellate procedure health law civil procedure

PRACTICE AREAS

constitutional law health law civil procedure appellate procedure

QUESTIONS PRESENTED

1. Whether the first clause of Article IV, Section 32 of the New Mexico Constitution limits only the Legislature or applies to the State generally.
2. Whether Article IV, Section 32 prohibits a state hospital from compromising an undisputed debt owed by a patient when the patient's ability to pay is doubtful and the compromise is supported by consideration.
3. Whether the federal interpleader proceeding could constitute a proper court proceeding under Article IV, Section 32 for approval and enforcement of the hospital's compromise agreement.

HOLDINGS

1. The first clause of Article IV, Section 32 is strictly a limitation on the Legislature and does not apply to nonlegislative state actors such as a state hospital.
2. Article IV, Section 32 does not prohibit a state hospital from compromising an undisputed obligation owed by a patient-debtor, even when there is no dispute about the amount or liability.
3. The pending federal interpleader proceeding constitutes a proper proceeding in court through which the hospital compromise may be approved, the lien reduced, and the patient's debt extinguished.

KEY QUOTATIONS

“Our answer to the second certified question is that Article IV, Section 32 of the New Mexico Constitution does not prohibit UNMH from agreeing to compromise the amount owed by a patient-debtor.” (¶ 3)

“We overrule Gutierrez and hold that under Article IV, Section 32 a state hospital is permitted to compromise on a debt owed to it where there is payment into the treasury or a proper court proceeding.” (¶ 27)

FACTUAL BACKGROUND

Hem was injured when his Toyota truck separated from the U-Haul trailer it was towing, causing the truck to roll over. The University of New Mexico Hospital treated Hem and recorded a hospital lien for his medical bills, but later agreed to accept a reduced amount in exchange for Hem's initial attorney relinquishing statutory priority to settlement funds. After Hem's federal action resulted in a settlement and a dispute arose over whether the settlement proceeds should go first to the hospital or Hem's attorneys, Toyota deposited the disputed funds into the federal court's registry.

PROCEDURAL HISTORY

Dara Hem's federal tort action arose from a truck-and-trailer accident and was ultimately transferred from Texas to the United States District Court for the District of New Mexico. After a settlement and a dispute between Hem's attorneys and the University of New Mexico Hospital over priority to settlement proceeds and a reduced hospital lien, Toyota deposited the disputed funds into the federal court's registry through an interpleader proceeding. The federal district court certified two questions concerning Article IV, Section 32 of the New Mexico Constitution to the New Mexico Supreme Court.

DISPOSITION

other

CASES CITED

- State v. State Investment Co., 1925-NMSC-017, 30 N.M. 491, 239 P. 741
- Gutierrez v. Gutierrez, 1983-NMSC-016, 99 N.M. 333, 657 P.2d 1182
- State v. Ordunez, 2012-NMSC-024, 283 P.3d 282
- State v. Boyse, 2013-NMSC-024, 303 P.3d 830
- State v. Maestas, 2007-NMSC-001, 140 N.M. 836, 149 P.3d 933
- Sims v. Sims, 1996-NMSC-078, 122 N.M. 618, 930 P.2d 153
- Wade v. Clemmons, 377 N.Y.S.2d 415 (Sup. Ct. 1975)
- Dade County v. Bodie, 237 So. 2d 553 (Fla. Dist. Ct. App. 1970)
- Denish v. Johnson, 1996-NMSC-005, 121 N.M. 280, 910 P.2d 914

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