

1 A MEMORIAL

2 REQUESTING THE LEGISLATIVE FINANCE COMMITTEE TO COMPILE
3 INFORMATION RELATING TO PRESCRIPTION DRUG AND PHARMACY
4 BENEFITS COSTS FROM CERTAIN STATE AGENCIES AND PREPARE
5 FINDINGS AND RECOMMENDATIONS FOR ACHIEVING GREATER STATE
6 AGENCY SAVINGS IN PRESCRIPTION DRUG AND PHARMACY BENEFITS
7 PURCHASING TO THE LEGISLATIVE FINANCE COMMITTEE AND THE
8 LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE.

9
10 WHEREAS, state government, through its agencies,
11 purchases many millions of dollars worth of prescription
12 drugs and pharmacy benefits in its administration of direct
13 health care through public health programs and health
14 facilities as well as health coverage programs such as
15 medicaid and coverage for state employees, retirees and their
16 dependents; and

17 WHEREAS, a September 28, 2016 health note published by
18 the legislative finance committee reported that in state
19 fiscal year 2016, the ten New Mexico state agencies that
20 purchase prescription drugs or pharmacy benefits spent a
21 combined total of over six hundred eighty million dollars
22 (\$680,000,000), up from four hundred forty-two million
23 dollars (\$442,000,000) in state fiscal year 2014, or an
24 increase of approximately fifty-four percent; and

25 WHEREAS, the legislative finance committee health note

1 reported that in the medicaid program there was an
2 eighty-three percent increase in pharmacy benefits spending
3 from fiscal year 2014 to fiscal year 2016; and

4 WHEREAS, while the legislative finance committee health
5 note reported that the corrections department costs increased
6 one hundred eighty-seven percent for prescription drugs to
7 treat certain conditions, the corrections department "appears
8 unable to fully account for its spending"; and

9 WHEREAS, the legislative finance committee health note
10 reported a three hundred nine percent increase in the price
11 of prescription hepatitis C drugs alone from 2014 to 2016;
12 and

13 WHEREAS, for specialty pharmaceuticals used to treat
14 conditions such as hepatitis C and multiple sclerosis, the
15 pharmacy benefits manager express scripts predicts spending
16 will rise twenty percent per year, more than four times the
17 cost of health care overall; and

18 WHEREAS, according to the Kaiser family foundation,
19 pharmaceutical costs have been increasing an average of eight
20 and three-tenths percent per year since 1994, far beyond the
21 regular rate of inflation; and

22 WHEREAS, rebates for pharmaceuticals are limited to a
23 percentage of the original price set by manufacturers, which
24 continue to rise with more frequency; and

25 WHEREAS, a Connecture study showed that the price of

1 over four hundred generic pharmaceuticals increased more than
2 one thousand percent between 2008 and 2015; and

3 WHEREAS, many specialty pharmaceuticals are priced
4 higher in the United States than in other developed
5 countries; and

6 WHEREAS, the prices of important prescription drugs
7 purchased with public dollars are not currently available to
8 the taxpayers, researchers and other interested parties; and

9 WHEREAS, some experts believe that savings may result
10 from state agencies working together more closely to share
11 administrative efficiencies and economies of scale by
12 purchasing prescription drugs and pharmacy benefits in
13 common;

14 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE
15 STATE OF NEW MEXICO that the legislative finance committee
16 staff be requested to compile from all state agencies
17 identified in its health note, "Prescription Drug Costs:
18 Maximizing State Agency Purchasing Power", namely the
19 children, youth and families department, the corrections
20 department, the department of health, the human services
21 department, the Albuquerque public school district, the
22 public school insurance authority, the risk management
23 division of the general services department, the university
24 of New Mexico and the university of New Mexico hospitals, the
25 following information:

1 A. each of the thirty most utilized prescription
2 drugs purchased by each agency either directly or through a
3 pharmacy benefits plan;

4 B. each of the thirty prescription drugs that have
5 the highest per unit price;

6 C. each of the thirty prescription drugs with the
7 highest price growth between state fiscal year 2012 and state
8 fiscal year 2016; and

9 D. each of the thirty prescription drugs that
10 constitute the greatest expenditure to the agency budget; and

11 BE IT FURTHER RESOLVED that for each prescription drug
12 that the legislative finance committee staff identifies, that
13 it compile the following information on those prescription
14 drugs purchased by state agencies either directly or through
15 pharmacy benefits procurement:

16 A. reporting on the total fiscal impact on the
17 state budget for each prescription drug it identifies;

18 B. the per unit price paid by each agency for the
19 prescription drugs identified;

20 C. the price growth between state fiscal years
21 2012 and 2016 of the list price for each prescription drug it
22 identifies; and

23 D. the total rebates captured by each agency for
24 the prescription drugs identified; and

25 BE IT FURTHER RESOLVED that the legislative finance

1 committee staff be requested to report its findings and
2 recommendations for achieving greater state agency savings in
3 prescription drug and pharmacy benefits purchasing to the
4 legislative finance committee and the legislative health and
5 human services committee by November 1, 2017; and

6 BE IT FURTHER RESOLVED that copies of this memorial be
7 transmitted to the chair and vice chair and director of the
8 legislative finance committee and to the legislative health
9 and human services committee.

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