

LFC Requester:

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

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: February 23, 2025 *Check all that apply:*
Bill Number: HB527 Original Correction
 Amendment Substitute

Sponsor: Cristina Parajón **Agency Name and Code:** Economic Development Department
Short Title: Medical Cannabis Insurance Coverage Act **Number:** 41900
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(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						

(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: House Bill 527 amends the Health Care Purchasing Act, the Public Assistance Act, and the New Mexico Insurance Code to require insurance coverage for medical cannabis. The bill mandates that insurance plans cover an adequate supply of medical cannabis for qualified patients with debilitating conditions. It also provides mechanisms for direct payments to cannabis retailers or reimbursement to patients.

“Adequate supply” is defined as “an amount of cannabis, in any form approved by the department of health, possessed by a qualified patient that is determined by department of health rule to be no more than reasonably necessary to ensure the uninterrupted availability of cannabis for a period of three months and that is derived solely from an intrastate source.”

FISCAL IMPLICATIONS

The proposed bill could have significant financial impacts on the state budget, insurance industry, and healthcare system. Below are the key fiscal considerations:

1. Impact on State Budget
 - a. Potential Medicaid Expenditures
 - b. Administrative Costs
 - c. Legal Risks & Compliance Costs
2. Impact on Private Health Insurance
 - a. Higher Premiums & Costs for Insurers
 - b. Reimbursement Process Challenges
3. Economic Implications for the Cannabis Industry
 - a. Increased Market Demand
 - b. Compliance and Administrative Costs for Dispensaries

Short-Term Costs: Increased spending on Medicaid, administrative oversight, and insurer compliance.

Long-Term Benefits: Possible cost savings in healthcare, increased cannabis industry growth, and higher tax revenues.

SIGNIFICANT ISSUES

This bill is a groundbreaking step in integrating medical cannabis into mainstream healthcare coverage in New Mexico. However, legal, financial, and regulatory challenges must be addressed to ensure smooth implementation. It could serve as a model for other states if passed, but careful planning and policy adjustments will be necessary.

Possible Challenges

- Federal pushback or refusal to reimburse Medicaid-covered expenses.
- Determining "adequate supply" without standardized dosing guidelines.

- Resistance from private insurers due to cost concerns and federal uncertainties.

PERFORMANCE IMPLICATIONS

The implementation of this bill will impact healthcare, insurance, government agencies, and the cannabis industry in various ways.

- **Healthcare System:** Increased patient access to medical cannabis could improve health outcomes and reduce dependency on opioids, but healthcare providers may need new protocols for prescribing and monitoring its use.
- **Insurance Industry:** Insurers will face challenges in integrating cannabis into claims processing, potentially leading to administrative delays and higher premiums. However, long-term cost savings could emerge if cannabis reduces the need for expensive medications and treatments.
- **Government Agencies:** State regulators will need to oversee compliance, monitor Medicaid spending, and prevent fraud, requiring additional resources and administrative adjustments.
- **Cannabis Industry:** Dispensaries could see increased sales and legitimacy in the healthcare system but may need to implement new billing systems to handle insurance reimbursements

ADMINISTRATIVE IMPLICATIONS

The bill presents legal, financial, and operational challenges but also opportunities for improved patient care and economic growth. Effective regulatory oversight, fraud prevention measures, and insurance adjustments will be critical for smooth implementation.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

The bill has broad implications beyond healthcare, including legal, economic, and social considerations. Addressing these issues will require careful coordination between state agencies, insurers, and stakeholders to ensure fair and effective implementation.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS