

LFC Requester:

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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/AgencyAnalysis) 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: 2/21/25

Check all that apply:

Bill Number: HB527Original Correction Amendment Substitute

Agency Name

and Code

HCA 630

Number:

Sponsor: Rep. Cristina ParajonShort Title: Insurance Coverage for MedicalCannabis CostsPerson Writing Colin BaillioPhone: 505-490-3178 Email Colin.Baillio@hca.nm**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$0.0	NA	NA

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0.0	\$0.0	\$0.0	NA	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Medicaid	\$0	\$38,138.4	\$38,138.4	\$76,276.8	Recurring	General Fund
SHB State	\$0	\$1,124.1	\$1,124.1	\$2,248.2	Recurring	General Fund (via

						SHB Fund)
TOTAL STATE	\$0	\$39,262.5	\$39,262.5	\$78,525.0	Recurring	General Fund
SHB Member	\$0	\$605.3	\$605.3	\$1,210.6	Recurring	SHB Member Premiums
SHB Member	\$0	\$432.4	\$432.4	\$864.8	Recurring	SHB Member Cost-sharing
TOTAL MEMBER	\$0	\$1,037.7	\$1,037.7	\$2,075.4	Recurring	SHB Members

(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: HB 527 requires Medicaid, state-regulated fully-insured individual and group health plans, and state coverage offered to state and local government employees, educators, and retirees to cover medical cannabis.

FISCAL IMPLICATIONS

Medicaid

According to a recent study, the median monthly cost of medical cannabis for cancer patients was \$80. Assuming half of all 79,455 enrollees in the Department of Health medical cannabis are Medicaid members, and an average costs of \$80.00/month of medical cannabis the expected cost would be \$38,138,400. All of the costs would have to be covered by the state as medical cannabis is not a Medicaid-reimbursable benefit.

State Health Benefits

Currently, 3.73% of the state population has a medical cannabis card. If 3.73% of SHB's 60,387 enrollees have a medical cannabis card, 2,252 members would have their medical cannabis covered by SHB. At the cost of \$80.00 per month, the total annual cost would be \$2,161,920 annually. On average, SHB covers 80% of claims, with member cost-sharing covering the remaining 80% of costs. Premiums would absorb \$1,729,536.00 and member cost-sharing would absorb \$432,384.00. Member premiums would increase by \$605,337.00 and the state GF liability would increase by \$1,124,198.00. These estimates do not account for any additional take-up due to the implementation of this bill.

SIGNIFICANT ISSUES

Marijuana is a Schedule I controlled substance under the federal Controlled Substances Act (CSA; 21 U.S.C. §801 et seq.) and thus is strictly regulated by federal authorities. Because cannabis remains illegal under federal law, it is highly unlikely that the federal government would approve federal matching funds for Medicaid. Additionally, cannabis is not approved by the FDA as a medical treatment for any medical diagnoses. SHB plans cover approximately 80% of claims, with Any coverage of medical cannabis would use exclusively state funds.

According to a recent report from the New Mexico Department of Health, 79,455 people in New

Mexico are enrolled in the state's medical cannabis program. Requiring coverage of medical cannabis is highly likely to increase the number of individuals who apply and are approved for medical cannabis cards.

State Health Benefits

It is not clear which cost-sharing category cannabis would fall into. It is possible that the co-pay or coinsurance for certain categories will be more expensive than purchasing a medical cannabis product directly.

Health Care Affordability Fund

Medical cannabis is not an Essential Health Benefit (EHB) and federal premium tax credits cannot be used to cover any premium costs associated with coverage of these products. The Health Care Affordability Fund (HCAF) programs generally do not cover non-EHBs and therefore, member premiums would increase for all members. Many BeWell enrollees are signed up for plans that do not have a consumer premium. [Research](#) shows that even small premiums can result in enrollment decreases for lower-income members.

PERFORMANCE IMPLICATIONS

While not a new service the requirement of Medicaid to cover medical cannabis implies that the Medicaid feels that this treatment is safe, effective and the benefits of therapy outweigh risks. HCA does not intend to circumvent the patient-provider relationship; however, the risks of medical cannabis should be noted. Individuals smoking/inhaling cannabis are at risk for lung damage and disease. Additionally, there is an association between cannabis use and the development of [psychosis](#). Lastly excessive use of cannabis can cause repeated bouts of extreme nausea and vomiting.

None for SHB.

ADMINISTRATIVE IMPLICATIONS

To implement this bill the HCAe would have to update the NMAC to allow coverage. In addition, the MCO contract and policy manual would have to be amended to allow for cannabis to be covered. It is unclear that the MCOs will cover medical cannabis given the discordance between state and federal legality. This service may need to be carved out entirely from the MCO.

It is not clear if SHB administrative service organizations would be expected to pay the price established by dispensaries or if they would negotiate prices with a specific network of dispensaries, as would typically be the case with a provider network.

No IT impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

As noted, Cannabis is still a schedule 1 substance federally and though well established as a medical and recreational substance, depends legally on a tenuous DOJ memo from the Obama Administration that could be revoked without warning. Federal funding is not currently within contemplation. MCOs could reasonably object to coverage on these and other grounds.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Patients will continue to cover the cost of medical cannabis out-of-pocket.

AMENDMENTS

None.