LFC Requester:	Eric Chenier

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: 2/21/25 *Check all that apply:*
Bill Number: HB570 Original *X* Correction __
Amendment __ Substitute __

Sponsor: Rep. Jenifer Jones
Short Title: Prior Authorization Requirement Changes

Agency Name and Code Number: HCA 630
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	**FY26**		
$0.0	$0.0	N/A	N/A

(Parenthesis ( ) indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	**FY26**	**FY27**		
$0.0	$0.0	$0.0	N/A	N/A

(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	$0.0	$15,440.2	$15,440.2	$30,880.4	Recurring	General fund

Medicaid	$0.0	$54,482.1	$54,482.1	$108,984.2	Recurring	Federal fund
Medicaid Total	$0.0	$69,922.3	$69,922.3	$139,8446		

State Health Benefits General Fund	$0.0	$845.2	$845.2	$1690.4	Recurring	General Fund (via SHB Fund)
SHB Member Impact	$0.0	$455.1	$455.1	$910.2	Recurring	SHB Member Premiums
SHB Total	$0.0	$1,300.3	$1,300.3	$2,600.6		

(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 570 (HB 570) will amend Section 59A-22B-1 NMSA 1978 and Section 59A-22B-8 NMSA 1978 of the Prior Authorization Act to prohibit the imposition of prior authorization requirements for certain covered services and prescription medication.

If enacted new sections of the Prior Authorization Act of Section 59A-22B-1 NMSA 1978 will be changed to the following:
"PRIOR AUTHORIZATION FOR CHEMOTHERAPY SERVICES PROHIBITED."
"PRIOR AUTHORIZATION FOR DIALYSIS SERVICES PROHIBITED."
"PRIOR AUTHORIZATION FOR ELDER CARE"
"PRIOR AUTHORIZATION FOR HOME HEALTH CARE SERVICES PROHIBITED."
The above sections will mandate that a health insurer cannot require prior authorization for covered chemotherapy services, dialysis services, elder care services, or home health care services. A health insurer can require that the health care provider notifies the health insurer after initiation of the chemotherapy services, dialysis services, elder care services, or home health care services. Also, a health insurer may require the health care provider to develop and submit a treatment plan for covered individuals receiving chemotherapy services, dialysis services, elder care services, or home health care services in compliance with federal law.

Also, if enacted a new section of the Prior Authorization Act of Section 59A-22B-8 NMSA 1978 will be changed to the following:
"PRIOR AUTHORIZATION FOR PRESCRIPTION DRUGS OR STEP THERAPY FOR CERTAIN CONDITIONS PROHIBITED."
This section will remove prior authorizations and shall not impose step therapy requirements on the coverage for medication approved by the U.S. Food and Drug Administration that is prescribed for the treatment of autoimmune disorders, cancer, diabetes, high blood pressure or

a substance use disorder, pursuant to a medical necessity determination, except in cases in which a biosimilar, interchangeable biologic or generic version is available.

FISCAL IMPLICATIONS

Medicaid

This bill directly amends the prior authorization act in the insurance code, but it is unclear that it has direct impact on Medicaid. If it does there will be a financial impact on Medicaid. For the management of diabetes there could be the potential for increased cost of utilization. There are several newer agents that can be used that are significantly more expensive (notably GLP-1, SGLT2 class of medications). This is compared to historical first-line agents like metformin which is a fraction of the cost. This legislation may switch utilization towards more expensive agents. A shift of 10% of the 57,893 members with type 2 diabetes from using metformin to a GLP-1 would increase total cost by $70,848,006.00. After Medicaid Drug Rebate the state share would be $15,440,231.80.00.

NM Medicaid does require prior authorization for dialysis and home health services. It is possible that removal of prior authorization requirements could result in increased utilization.

State Health Benefits

The elimination of prior authorization and step therapy requirements for certain prescription drugs, including GLP-1 medications and cholesterol treatments, is expected to have a significant fiscal impact on the State Health Benefits (SHB) Plan.

The removal of prior authorization for potentially high cost drugs eliminates a key utilization management tool, leading to higher prescription drug spending. Under current arrangements, prior authorization allows the plan to ensure medical necessity, prevent off-label use, and direct patients toward lower-cost alternatives (such as generics or preferred brands). Without prior authorization, inappropriate or non-medically necessary prescriptions could increase.

The current SHB savings attributed to PA for GLP-1 and cholesterol drugs would become a direct cost to the plan. GLP-1 receptor agonists (e.g., Ozempic, Wegovy, Mounjaro) are among the most expensive and rapidly growing drug classes, especially due to off-label use for weight loss. Without PA, utilization rates are expected to rise significantly, increasing the financial burden on the plan. Cholesterol medications, particularly PCSK9 inhibitors (e.g., Repatha, Praluent), are high-cost specialty drugs that would see increased demand if unrestricted access is granted.

While the bill does not immediately impact manufacturer rebates, future formulary changes that favor one GLP-1 over another could affect negotiated rebates and net drug costs. Increased drug costs may lead to higher premium contributions for employees or require state budget adjustments to cover the additional expenditures. If the financial burden becomes excessive, the state may need to adjust cost-sharing mechanisms (e.g., copays, deductibles) or restrict coverage in other areas.

The above numbers were calculated by adding the costs associated with GLP-1 and cholesterol drug prescriptions that are being denied today as part of the prior authorization process. Today, with prior authorization requirements in place, this is plan savings, but will become plan cost with the removal of prior authorization requirements.

SIGNIFICANT ISSUES

There is a wide variety of services that would no longer have prior authorizations. Some of these services including elder care services and dialysis services, which can be covered under Medicare. In cases where individuals have both Medicare and Medicaid, a prior authorization is currently initiated to ensure the Medicare is billed before Medicaid. As Medicare is a federal program, HCA would not have authority to remove Medicare prior authorization requirements. Services for individuals who are dually eligible for both Medicare and Medicaid would still require prior authorization for the service to be Medicare reimbursable prior to sending a cross-over claim to Medicaid for remaining reimbursable costs.

The preferred term is "older adult" rather than elder per American Psychological Association, American medical Association, and Gerontological Society of America.

PERFORMANCE IMPLICATIONS
None

ADMINISTRATIVE IMPLICATIONS
In order to implement this legislation, the NMAC and MCO policy manual would need to be updated to include these changes. SHB vendors would have to make updates to comply with the bill.

No IT impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP
SB 207, SB39, SB477 all amend the same section of the insurance code although with different requirements

TECHNICAL ISSUES
None

OTHER SUBSTANTIVE ISSUES
None

ALTERNATIVES
Status Quo

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL
Status Quo

AMENDMENTS
None