LFC Requester:	RubyAnn Esquibel

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: 2/6/2025 *Check all that apply:*
Bill Number: SB193 Original __ Correction __
Amendment x Substitute __

Sponsor: Micaelita Debbie O'Malley, Michael Padilla, Angel M. Charley
Short Title: Weight Loss Drugs Insurance Coverage
Agency Name and Code Number: New Mexico Public Schools Insurance Authority 34200
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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	$0	$24,200-$32,060	$44,000-$61,2800	$68,200-$93,340	Recurring	NMPSIA Benefits

(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

Senate Bill 193 amends the Health Care Purchasing Act, New Mexico Insurance Code, Health Maintenance Organization Law, and Nonprofit Health Care Plan Law to mandate coverage of at least one injectable glucagon-like peptide-1 (GLP-1) receptor agonist for chronic weight management in adults with obesity.

This requirement applies to all group health coverage plans, including self-insured plans under the Health Care Purchasing Act, as well as individual and group health insurance policies, health care plans, health maintenance organization contracts, and nonprofit health care plans that provide prescription drug coverage. Insurers are obligated to cover at least one FDA-approved injectable GLP-1 receptor agonist, ensuring access for patients who meet the clinical prescribing criteria. However, insurers are not required to cover multiple GLP-1 receptor agonists.

Under SB193, affected policies and contracts must comply with these provisions for plans issued, delivered, or renewed on or after January 1, 2026.

FISCAL IMPLICATIONS

- For this analysis, we considered how AOM GLP-1 utilization and costs could be influenced by two new indications for GLP-1s: the prevention of heart disease in obese non-diabetics and the treatment of obstructive sleep apnea (OSA) in obese patients. We determined the number of members who could qualify for AOM GLP-1s based on claims history of obesity, heart disease, and/or sleep apnea. Eligibility guidelines for these heart disease and sleep apnea indications were based on CVS and manufacturer criteria as of January 2025.
- We consider the cost impact of AOM GLP-1s to have two components: (1) the historical and costs associated with existing AOM GLP-1 users, and (2) the additional costs that could be incurred by members who are not currently taking AOM GLP-1s who may be newly eligible for these medications based on current and potential future obesity status, heart disease or sleep apnea history.
- We include recent experience (October 2023 – September 2024) reflecting ongoing AOM GLP-1 spend (prior to expanded diagnoses and potential new utilizers); this figure is estimated at $7.7 million net of rebates.
- Based on Segal's analysis, we determined that the following members who are not currently on AOM GLP-1s could be eligible for these medications based on their known or presumed obesity status and other comorbidities.
    - There are 6,782 obese members (body mass index [BMI] of 30 or above) who are not currently on an AOM GLP-1.
    - There are 1,403 overweight members (BMI 27-29.9) who have additional comorbid conditions (e.g., hypertension) that qualify them for AOM GLP-1 usage per CVS's clinical criteria.
    - There are 7,191 members who have an obesity-related comorbidity (heart disease or obstructive sleep apnea) but whose BMI is unknown.

    - There are 31,139 members who do not have an obesity-related comorbidity and whose BMI is unknown.
- For the group with unknown BMIs, we calculated two scenarios: one in which 10% of these unknown members are actually obese (719 with conditions, 3,114 without conditions) and one in which 35% of these members are obese (2,517 with conditions, 10,898 without conditions). The two scenarios result in a range of costs, with the 35% scenario reflecting the high and increasing incidence of obesity in New Mexico and the United States.
- We also assume that a certain portion of obese members who are not currently on AOM GLP-1s will begin taking these medications in the future. This uptake rate was 50% for the obese group, 50% for the overweight group with complications, 33% for the unknown BMI group with conditions, and 25% for the unknown BMI group without conditions.
- Actual utilization may be volatile over time for these groups; the user pool will likely grow and shrink over time as patients start, stop, and/or resume treatment. For our projection, we assume that all current users of GLP-1s will remain on their medication through FY27; we project that, on average, new utilizers will remain on their medication for at least nine months out of every year.
- Drug Cost Trend:10%
- Though GLP-1 costs are largely driven by utilization, we project that prices will continue to increase at a rate of about 10% per year. This cost trend reflects the still-limited number of competing products and the lack of available GLP-1 generics through FY27.
- Our analysis assumes that point-of-sale rebates (POS)—which have been in place since January 1, 2024—remain in effect (see Senate Bill 51, first session 2023). All costs shown above are on an allowed basis, as member cost share has been eliminated in most instances as a result of SB51.The table below details Segal's cost projection based on current and estimated new utilization. The "low impact" scenario assumes that 10% of members with an unknown BMI are actually overweight (with complications) or obese; the "high impact" scenario assumes 35%.
- Projected costs are net of estimated rebates.

Low Impact Scenario

Assumes 10% of members with unknown BMIs are overweight with conditions or obese

Fiscal Year	Existing Users	Existing Costs (thousands)	New Users	New Costs (thousands)	Total Costs (thousands)
FY26	1,543	$8,400	5,108*	$15,800	$24,200
FY27	1,543	$9,240	5,108	$34,760	$44,000
Total	**1,543**	**$17,640**	**5,108**	**$50,560**	**$68,200**

***** Groups of user counts are as follows: 3,391 obese; 702 overweight with comorbid conditions; 237 unknown BMI with comorbid conditions, assumed obese; 778 unknown BMI without comorbid conditions, assumed obese.

High Impact Scenario

Assumes 35% of members with unknown BMIs are overweight with conditions or obese

Fiscal Year	Existing Users	Existing Costs (thousands)	New Users	New Costs (thousands)	Total Costs (thousands)
FY26	1,543	$8,400	7,649*	$23,660	$32,060
FY27	1,543	$9,240	7,649	$52,040	$61,280
Total	**1,543**	**$17,640**	**7,649**	**$75,700**	**$93,340**

***** Groups of user counts are as follows: 3,391 obese; 702 overweight with comorbid conditions; 831 unknown BMI with comorbid conditions, assumed obese; 2,725 unknown BMI without comorbid conditions, assumed obese.

SIGNIFICANT ISSUES

- Anti-obesity (AOM) GLP-1 drugs may be approved for new indications during the modeling period, which may change the number of plan participants who are eligible to take them. Additionally, it is likely that more plan participants will be diagnosed with obesity in the coming years due to lifestyle factors and the increased emphasis on obesity as a chronic disease that requires treatment. As the proportion of obese people in the New Mexico population grows, more members may elect to use GLP-1s to treat their obesity.
- AOM GLP-1 use is limited to patients with obesity (body mass index [BMI] 30+) or who are overweight (BMI 27+) with certain weight-related comorbidities (e.g., hypertension). In our analysis, we use obesity- and BMI-related medical claims to identify obese and overweight patients who may qualify for AOM GLP-1s based on their weight.
- More GLP-1 products will likely enter the market in the next several years, and other generic products may come to market as brand protections expire. The introduction of more GLP-1 products, including potential generics and/or oral tablets, may drive list prices down over time. However, more GLP-1 options—especially those with reduced side effects or those that come in oral, rather than injectable, forms—may cause demand to spike and add additional layers of induced utilization that could affect NMPSIA's costs.
- As both demand and eligibility for AOM GLP-1 medications increase, national supplies of these medications may be stressed, which could affect access and raise costs temporarily if certain drugs or formulations go into shortage.
- While NMPSIA currently offers AOM GLP-1 medications to members who qualify based on clinical criteria, GLP-1s are a continuously growing portion of NMPSIA's overall prescription drug spend. SB193 would further impair NMPSIA from making any changes to control drug spend by managing AOM GLP-1 utilization.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS