LFC Requester:	RubyAnn Esquibel

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
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(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}

1.31.25

Bill Number: SB193

Check all that apply:
Original X Correction __
Amendment __ Substitute __

Sponsor: Micaelita Debbie O'Malley, Michael Padilla, Angel M. Charley, Antionette Sedillo Lopez

Agency Name and Code Number: Retiree Health Care Authority 34300

Short Title: Weight Loss Drugs Insurance Coverage

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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	$1,300	$6,030-$7,540	$11,700-$15,000	$17,730-$22,540	Recurring	RHCA Benefits Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: The Bill amends the Health Care Purchasing Act so that group health insurers in the act are required to provide coverage for at least one injectable glucagon-like peptide-1 receptor agonist prescribed for chronic weight management in adults with obesity.

FISCAL IMPLICATIONS

The analysis of this bill was performed on the Pre-Medicare membership only as Centers for Medicare and Medicaid would dictate coverage for Part D plans under Medicare to include EGWP. For this analysis, we considered how two new indications for glucagon-like peptide-1 (GLP-1s) could influence anti-obesity medication (AOM) GLP-1 utilization and costs: 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 historical claims 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. The cost impact of AOM GLP-1s has two components: (1) the historical 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. A recent experience was included for the calendar year 2024, reflecting ongoing AOM GLP-1 spending (prior to expanded diagnoses and potential new utilizers); this figure totaled about $1.3 million total paid, net of estimated rebates.

The analysis 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. All members are ages 18-64 and non-Medicare.

- There are 2,497 obese members (body mass index [BMI] of 30 or above) who are not currently on an AOM GLP-1.
- There are 90 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.
- 3,317 members have obesity-related comorbidity (heart disease or obstructive sleep apnea) but whose BMI is unknown
- 3,317 members have obesity-related comorbidity (heart disease or obstructive sleep apnea) but whose BMI is unknown.

For the group with unknown BMIs, we calculated two scenarios: one in which 10% of these unknown members are obese (332 with conditions, 334 without) and one in which 35% of these members are obese (1,161 with conditions, 1,168 without). 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. It was also assumed 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 without 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 stay on their medication for at least nine months out of every year. 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 throughout FY27. All costs shown above are on an allowed basis, prior to member cost sharing, and projected costs are net-up estimated rebates.

The table below details the cost projection based on current and estimated new utilization. The "low impact" scenario assumes that 10% of members with an unknown BMI are overweight (with complications) or obese; the "high impact" scenario assumes 35%.

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	253	$1,430	1,488*	$4,600	$6,030
FY27	253	$1,570	1,488	$10,130	$11,700
Total	**253**	**$3,000**	**1,488**	**$14,730**	**$17,730**

***** Groups of user counts are as follows: 1,249 obese; 45 overweight with comorbid conditions; 111 unknown BMI with comorbid conditions, assumed obese; 83 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	253	$1,430	1,973*	$6,110	$7,540
FY27	253	$1,570	1,973	$13,430	$15,000
Total	**253**	**$3,000**	**1,973**	**$19,540**	**$22,540**

***** Groups of user counts are as follows: 1,249 obese; 45 overweight with comorbid conditions; 387 unknown BMI with comorbid conditions, assumed obese; 292 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. However, not all members document this information, so some eligible members are likely excluded. In this case, we estimated potential obese and overweight members whose condition is not currently documented and who may begin GLP-1 treatment (see assumptions above for details).
- More GLP-1 products will likely enter the market in the next several years, and 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 RHCA'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 RHCA currently offers AOM GLP-1 medications to members who qualify based on clinical criteria, GLP-1s are a continuously growing portion of RHCA's overall prescription drug spend. SB193 would further impair RHCA from making any changes to control drug spending by managing AOM GLP-1 utilization.

PERFORMANCE IMPLICATIONS

- GLP-1 medications have been shown to reduce fat mass significantly.
- However, they also lead to a notable decrease in muscle mass.
- This loss of muscle mass can be minimized or even prevented when GLP-1 use is combined with lifestyle modifications, such as improved daily nutrition and regular resistance training.
- The cost of GLP-1 medications is significant, and when used without accompanying lifestyle changes, the expense of temporary weight loss may outweigh the long-term benefits, raising concerns about widespread recommendations.
- The long-term effects of GLP-1 medications remain incompletely understood, particularly in older populations, raising concerns about potential risks over extended use.
- Muscle is the most metabolically active tissue in the body, playing a crucial role in overall health.
- Sarcopenia, the age-related loss of muscle mass, negatively impacts metabolic function, mobility, and overall physical resilience.

ADMINISTRATIVE IMPLICATIONS

Selecting only one GLP-1 could add additional pressure to the supply chains in being able to deliver, as several GLP-1s have had backorders or short supplies at times in the past due to the increase in usage impacting member access to prescriptions.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES
Ensuring that the administered treatments meet established safety and efficacy standards could require additional oversight and technical support.

OTHER SUBSTANTIVE ISSUES
SB174 conflicts with the authority granted to the Board of Directors under 10-7C-5. Authority Created and 10-7C-6 Board created; membership; authority for the New Mexico Retiree Health Care Authority, as it relates to the administration of the Retiree Health Care Act.

ALTERNATIVES
Instead of solely relying on pharmacological interventions, the agency would continue offering or covering additional, comprehensive lifestyle intervention programs, which have shown efficacy in managing weight.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL
The agency would continue to offer various lifestyle intervention programs based on efficacy and safety as options to members who want to engage in these types of programs.

AMENDMENTS
None.