

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: 1/31/25

Check all that apply:

Bill Number: SB207

Original Correction

Amendment Substitute

Agency Name

and Code

HCA-630

Number:

Sponsor: Sen. Stefanics Sen. Thomson

Person Writing

Keenan Ryan

Short Title: Prohibit Prior Auth or Step

Therapy for Off Label Drug

Phone: 505-396-0223

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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
Total	\$0.0	\$0.0	\$0.0	\$0.0	N/A	N/A

(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: SB207 adds the use of off label agents, and the addition of rare diseases as the preclusion of step therapy prior authorizations.

FISCAL IMPLICATIONS

It is not clear that this bill applies to Medicaid members. If it does, the impact of this bill is expected to be minimal. Rare disease by definition is infrequent with limited treatment options and thus the addition of these diseases without prior authorization is not expected to be different than current care. Thus, this provision is expected to have a minimal impact on rates.

If the inclusion of off-label prescribing lead to a higher utilization of medications, costs could increase. As this approval criteria is not standard currently there is no evidence to determine if this will or will not occur.

SIGNIFICANT ISSUES

Step therapy is a practice of requiring members to trial and fail specific medications before being able to access other additional agents. Last year the Health Care Purchasing Act, Public Assistance Act, and multiple areas of the Insurance Code were amended to prevent step therapy for the treatment of autoimmune conditions, oncology conditions, behavioral health conditions, and substance use disorder. Step therapy should only be permitted currently, in any situation, if two medications are considered equal as far as medical necessity and medical efficacy. This current legislation adds a section to the insurance code that includes rare diseases. Rare diseases are defined in the bill as a disease that affects less than 200,000 individuals in the United States. Additionally, the legislation adds verbiage to include off-label use in step therapy provisions. Off-label is the use of medication for an indication that does not have FDA approval.

The use of off-label as listed could cause issues. There is a wide spectrum of off-label usage ranging from well-studied with widespread adoption, to limited-to-no safety or efficacy data. There is concern that explicitly stating off-label usage in this manner creates a system where approval of off-label usage is the standard instead of the clinically needed exception.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

In order to implement this legislation HCA would need to provide clarification and promulgation of rules and policies regarding step therapy specifically as it includes off-label usage and determination of medical necessity. This may require updating the NMAC and MCO policy manual to meet these goals.

No IT impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

Definition of off-label could improve the implementation of the bill.