

LFC Requester:	Eric Chenier
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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}

Bill Number: 2.20.25 *Check all that apply:*
SB443 Original Correction
 Amendment Substitute

Sponsor: Martin Hickey **Agency Name and Code** New Mexico Retiree Health Care Authority 34300
Short Title: No Cholesterol-Lowering Drug Cost Sharing **Person Writing** Mark Hayden
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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	\$85 – \$1,100	\$185 -\$2,500	\$270 - \$3,600	Recurring	RHCA Benefits Fund

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: The bill amends the Health Care Purchasing Act and certain sections of the New Mexico Insurance Code to prohibit cost sharing for cholesterol-lowering drugs. Health care plans that provide coverage for these medications will not be allowed to impose any cost sharing, such as copayments, coinsurance, deductibles, or any other financial obligations for the insured, aside from the premium or a portion of the premium. This requirement applies to Health Maintenance Organizations, Nonprofit Health Care plans, as well as Individual and Group Insurance policies, including Blanket Health Insurance policies. The legislation will take effect on January 1, 2026.

FISCAL IMPLICATIONS

The fiscal impact of the legislation on the New Mexico Retiree Health Care Authority (NMRHCA) is expected to lead to an increase in pharmacy costs, as the plan will cover 100% of the charges for cholesterol-lowering medications. Statins, commonly prescribed to lower cholesterol levels and reduce the risk of cardiovascular disease, fall into this category. Consequently, there may be an increase in member premiums due to the absence of cost-sharing, which could result in higher utilization and costs for the agency.

The cost impact discussed here pertains only to the Commercial Plan.

- For the calendar year 2024, brand drugs account for approximately 2% of the total distinct prescriptions in this category under SB443. Since SB443 would eliminate cost-sharing for cholesterol-lowering drugs, we estimate that the impact on NMRHCA's Pre-Medicare membership will equal the full amount that members currently pay for these medications, which the plan will have to cover.
- The low end of the cost range assumes that the 98% utilization rate of generic cholesterol drugs remains steady. The high end estimates a 25% shift to brand drugs, as there would be less incentive to choose generics.
- It is important to note that some medications analyzed may have been prescribed for conditions other than high cholesterol. Our analysis did not restrict itself to members solely diagnosed with high cholesterol. While some off-label use may occur, all medications included in our analysis are primarily used to lower cholesterol levels.
- The emergence of new brand drugs in the market could lead to costs exceeding those estimated here, which are based on current formulary use and cost-sharing tiers. Additionally, some cholesterol-lowering brand drugs may lose their exclusivity in the coming years, allowing for lower-cost generics to be introduced.
- The member cost-sharing percentage was determined based on the proportion of generic cholesterol drug claims paid by members in the calendar year 2024.
- We anticipate that members' cost-sharing as a percentage of total claims will gradually decrease as allowed costs rise. To reflect this, we have adjusted the member cost-sharing down by 1% each year in our projections.
- An annual trend of 14% was applied for allowed costs, accounting for both drug costs and utilization trends.

Medicare Advantage and Medicare Part D are governed by federal laws (Medicare Modernization Act) and CMS (Centers for Medicare & Medicaid Services) regulations. State laws cannot directly change their benefit structures.

SIGNIFICANT ISSUES

Cholesterol-lowering medications are typically prescribed by healthcare providers based on an individual's cholesterol levels, risk factors for cardiovascular disease, and overall health profile. According to Harvard Health, about one in four Americans aged 45 and older take a statin. While statins are the most common type of cholesterol-lowering drugs, there are several other options available:

1. **Statin**: These are the most commonly prescribed cholesterol-lowering medications. They work by inhibiting an enzyme involved in cholesterol production in the liver. Examples include atorvastatin (Lipitor), simvastatin (Zocor), and rosuvastatin (Crestor).
2. **Ezetimibe**: This medication reduces the absorption of cholesterol from the intestines. It can be used alone or in combination with statins. An example is ezetimibe (Zetia).
3. **PCSK9 Inhibitors**: These newer medications help the liver absorb more LDL cholesterol from the blood. Examples include alirocumab (Praluent) and evolocumab (Repatha).
4. **Bile Acid Sequestrants**: These drugs bind to bile acids in the intestines, preventing their reabsorption and promoting the removal of cholesterol from the body. Examples include cholestyramine (Questran) and colesevelam (Welchol).
5. **Fibrates**: Primarily used to reduce triglycerides, fibrates can also have a modest effect on increasing high-density lipoprotein (HDL) cholesterol. Examples include fenofibrate (Tricor) and gemfibrozil (Lopid).
6. **Niacin**: Also known as vitamin B3, niacin can help lower LDL cholesterol and triglycerides while raising HDL cholesterol. It is available both as a prescription and as an over-the-counter supplement.

To ensure that cholesterol-lowering medications are prescribed and utilized effectively, the agency may need to consider strategies such as collaborating with healthcare providers and implementing patient education initiatives.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

SB443 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 administration of the Retiree Health Care Act.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

None.