

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: 2.21.25 *Check all that apply:*
SB477 Original Correction
 Amendment Substitute

Sponsor: Martin Hickey **Agency Name and Code:** New Mexico Retiree Health Care Authority 34300
Short Title: No Prior Authorization For Certain Drugs **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	\$163 -\$177	\$2,100 - \$2,900	\$2,300 - \$3,100	\$4,563 - \$6,177	Recurring	RHCA Benefits Fund

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: The Bill amends the Prior Authorization Act to eliminate prior authorization or require health insurers from requiring prior authorization and prohibiting step therapy for prescription drugs used to prevent certain conditions that would now include prevention of an autoimmune disorder, cancer, a cholesterol disorder, or a substance use except in cases in which a biosimilar, interchangeable biologic or generic version is available. Coverage for a medication approved by the Federal Food and Drug Administration in the following drug classes shall not be subject to prior authorization, except in cases in which a biosimilar, interchangeable biologic, or generic version is available for: (1) glucagon-like peptide-1 agonists; (2) glucose-dependent insulinotropic polypeptide; or (3) glucagon-like peptide-1 receptor agonists.

FISCAL IMPLICATIONS

Based on the pharmacy analysis, Senate Bill 477 will impact on the New Mexico Retiree Health Care Authority (NMRHCA). The Bill could lead to increased utilization of high-cost medications by not requiring utilization management primarily because the Bill eliminates the following cost containment measures: (1) prior authorization, (2) medical necessity determination, and (3) step therapy. Specifically, the popularity of GLP-1 drugs has surged in recent years due to their effectiveness in lowering blood sugar levels and aiding weight loss.

By eliminating step therapy requirements for certain drugs, the Bill may also reduce the ability to negotiate rebates with Manufacturers. Rebates are often tied to the use of specific drugs within a formulary, and step therapy is used with the formulary to manage the utilization by trying lower-costing medications before the use of high-cost medications.

The cost related to autoimmune disease, cancer, cholesterol, and GLP-1 is determined to be based on when the Bill would go into effect for FY26. It is between \$2.1 million and \$2.9 million for FY27, with additional growth and a trend between \$2.2 million and \$3.1 million.

New Mexico Retiree Health Care Authority members enrolled in non-Medicare plans will both benefit from and feel the impact of the cost increase. The program will experience higher pharmaceutical claim costs without savings from cost containment, which will be passed to members in increases to premiums.

SIGNIFICANT ISSUES

GLP-1 research is not sufficiently mature, particularly regarding the side effects for the older population that NMRHCA serves, to ensure safety and efficacy. Many studies show muscle loss as a side effect, which is a concern in an older population related to fall prevention.

There are several other concerns regarding the use and misuse of GLP-1 agonists, GLP-1 receptor agonists, and GLP medications:

1. **Side Effects:** Common side effects include gastrointestinal issues such as nausea, vomiting, diarrhea, and constipation. In some cases, these side effects can lead to more serious complications like severe dehydration.
2. **Hypoglycemia:** There is a risk of hypoglycemia (low blood sugar) in non-diabetic patients using these medications for weight management.
3. **Misuse for Aesthetic Weight Loss:** There have been reports of these drugs being misused for aesthetic weight loss purposes, which can lead to adverse health effects.

4. **Long-term Effects:** The long-term effects of these medications are still not fully understood, and there are concerns about potential risks such as gallstone disease, pancreatitis, and serious allergic reactions.
5. **Compounded Versions:** Due to high demand and supply shortages, some patients seek compounded versions of these drugs, which may pose safety risks
6. **Off-Label Use:** The popularity of weight loss has led to concerns about misuse and overuse

These concerns are further amplified by the elimination of requiring medical necessity and prior authorization. While the medications are effective, it is important for patients to use them under medical supervision and make them aware of the potential risks by coordinating through medical insurers.

PERFORMANCE IMPLICATIONS

If passed, the new mandate should have set standards and measures to evaluate the positive and negative impacts on patient care.

ADMINISTRATIVE IMPLICATIONS

The criteria used to administer this program should be “universal” to help providers overcome additional barriers to authorization.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB570, HB461, SB263, SB207, and SB39 request amendments to remove prior authorizations.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

SB477 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

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS