LFC Requestor: ESQUIBEL, RubyAnn

2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: Senate

Category: Bill

Number: 477

Type: Introduced

Date (of **THIS** analysis)**:** 02/24/2025

Sponsor(s): Martin Hickey

Short Title: No Prior Authorization for Certain Drugs

Reviewing Agency: Agency 665 - Department of Health

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 25	FY 26		
$0	$0	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
$0	$0	$0	N/A	N/A

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 25	FY 26	FY 27	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	$0	$0	$0	$0	N/A	N/A

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

Senate Bill 477 (SB477) aims to modify language in Section 59A-22B-8 NMSA 1978 to prohibit prior authorization requirements for prescription drugs that are prescribed for the treatment or prevention of an autoimmune disorder, cancer, a cholesterol disorder, or a substance use disorder.

SB477 adds a section that would ensure coverage of medications within certain drug classes that have been approved by the federal food and drug administration (FDA), ensuring that they are not subject to prior authorization, except when a biosimilar, interchangeable biologic or generic version is available. The drug classes are glucagon-like peptide-1 agonists, glucose-dependent insulinotropic polypeptide, or glucagon-like peptide-1 receptor agonists.

SB 477 would not allow a health insurer to impose step therapy requirements before authorizing coverage for medications approved by the FDA in the following drug classes except when a biosimilar, interchangeable biologic or generic version is available: glucagon-like peptide-1 agonists, glucose-dependent insulinotropic polypeptide, or glucagon-like peptide-1 receptor agonists.

Is this an amendment or substitution? ☐ Yes ☒ No
Is there an emergency clause? ☐ Yes ☒ No

b) Significant Issues

A prior authorization is a drug utilization management tool. The intent of prior authorizations is to ensure that drug therapy is medically necessary, clinically appropriate, and aligns with evidence-based guidelines. Prior authorizations help to prevent inappropriate prescribing practices. Additionally, prior authorizations are a tool used by health plans to control costs by requiring more cost effective clinically appropriate therapies to be utilized prior to more costly medications.

Individuals diagnosed with chronic health conditions benefit from optimal drug therapy to achieve the best clinical and quality of life outcomes. Providers work to ensure patients have safe care with

the best chance of the most effective clinical outcome, but requiring prior authorizations can be a barrier to providers being able to choose the most effective medication for a patient and reduces physician autonomy. Choosing a medication used for chronic conditions should take into consideration many factors, including the patient's experience with taking medications, provider's perspectives on how medications are used by the patient, quality, access and cost of medications, patterns and challenges of use and methods to assess medication use and effectiveness(Medicine Use in Chronic Diseases - PMC).

Patient input when assessing the best approach to prescribing medication should be part of individual treatment plans. Understanding patient's perceptions improves the acceptability of medication use, medication adherence and therapeutic alliance of a medication Enhancing Outcomes: Acceptability of Medication Formulations for the Treatment of Acute Agitation in a Psychiatric Population - PMC) (Knowledge of Saudi Patients with Autoimmune Diseases about Hydroxychloroquine Toxicity: The Role of Physician–Patient Communication - PMC) (Respecting the Patient's Choice: A Case of Possible Drug-Induced Parkinsonism - PMC).

Prescribing medications should be part of an overall disease management approach. Disease management should be a proactive, multidisciplinary, systematic approach to health care delivery that:

- Supports the individual patient
- Supports a provider-patient relationship and plan of care
- Optimizes patient care through prevention and proactive interventions based on evidence-based guidance
- Incorporates patient self-management
- Continuously evaluates health status
- Measures outcomes
- Strives to improve overall health and quality of live and lower cost of care.

Disease management is an approach that seeks to improve outcomes by maximizing patient adherence to prescribe treatments and health promoting behaviors. Improved clinical outcomes and cost savings can result from this approach (Disease Management | AMCP.org)

According to the New Mexico Behavioral Risk Factors Surveillance System, in 2022 32.4% of New Mexicans were considered obese (nmhealth.org/data/view/behavior/2874/). Obesity is associated with an increased risk for numerous chronic diseases, including heart disease, stroke, diabetes, and various cancers. GLP-1 drugs have been approved to treat individuals with type 2 diabetes, body mass index (BMI) of 30 or greater (obesity), and BMI between 27 and 30 (overweight) with at least one weight-related health condition, such as cardiovascular disease, high blood pressure, high cholesterol, prior stroke, prior heart attack, and chest pain (angina).

Affordable Care Act (ACA) Marketplace plans rarely cover GLP-1 drugs approved solely for obesity treatment, according to a new KFF analysis of 2024 federal plan data. Wegovy, a drug that is approved for weight loss, is covered by just 1% of Marketplace prescription drug plans, compared to 82% of Marketplace prescription drug plans for Ozempic, which contains the same active ingredient as Wegovy (semaglutide) but is approved only for diabetes. When GLP-1 drugs are covered for diabetes treatment, almost all plans use at least one utilization management strategy

to control costs, such as prior authorization or quantity limits. Of the few Marketplace plans that cover GLP-1 drugs approved for obesity, all require prior authorization

A health system tracker survey data found that over 40% of adults under 65 with private insurance could be indicated for a GLP-1 drug though relatively few have a claim. The potential market size for GLP-1 drugs suggests the broadest possible impacts on private insurance premiums and health system spending. https://www.healthsystemtracker.org/brief/how-many-adults-with-private-health-insurance-could-use-glp-1-drugs/#:~:text=In%20annual%20filings%20to%20state,and%20not%20for%20weight%20management.

In annual filings to state regulators for plan year 2025, some insurers cited increases in utilization of GLP-1 drugs as a contributor to rising premiums. Many ACA Marketplace plans manage the costs associated with GLP-1 drugs by only covering them for diabetes treatment and not for weight management. https://www.healthsystemtracker.org/brief/how-many-adults-with-private-health-insurance-could-use-glp-1-drugs/#:~:text=In%20annual%20filings%20to%20state,and%20not%20for%20weight%20management

In August of 2024, the American Journal of Managed Care documented that rising costs and patient adherence have led to insurers dropping GLP-1 inhibitors. https://www.ajmc.com/view/rising-costs-lead-insurers-to-drop-weight-loss-drug-coverage-further-increasing-patient-burden

According to an American Medical Association survey, 24% of physicians reported that prior authorization led to an adverse event for a patient, 93% reported that prior authorization has a negative impact on patient outcomes, 94% reported delays in access to care, 87% reported prior authorization requirements lead to higher overall use of resources that result in unnecessary waste. https://www.aha.org/news/headline/2024-06-20-ama-survey-shows-physicians-patients-heavily-burdened-prior-authorization

The lack of availability of covered GLP-1 receptor agonists for weight loss has caused some patients and health care professionals to utilize unapproved versions of GLP-1 (glucagon-like peptide-1 (GLP-1) receptor agonists) drugs, including semaglutide and tirzepatide, as an option for weight loss. According to the FDA, this can be risky for patients, as unapproved versions do not undergo FDA's review for safety, effectiveness and quality before they are marketed. Additionally, the FDA notes that there are illegal and counterfeit GLP-1 receptor agonists. Additionally, there have been multiple adverse event reports associated with compounded GLP-1 receptor agonists. https://www.fda.gov/drugs/postmarket-drug-safety-information-patients-and-providers/fdas-concerns-unapproved-glp-1-drugs-used-weight-loss

SB477 could improve access to necessary medications by addressing barriers created by prior authorization requirements. While prior authorizations ensure drug therapy is medically necessary and cost-effective, they can limit physician autonomy and delay access to optimal treatments, particularly for chronic conditions like obesity. Drugs like GLP-1 receptor agonists can significantly improve patient outcomes but are often delayed due to prior authorizations. SB477 aims to streamline this process, reducing unnecessary delays and offering more flexibility in

prescribing, ultimately enhancing patient care and improving clinical outcomes by allowing for more personalized and timely treatments.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?

  ☐ Yes ☒ No

- Is this proposal related to the NMDOH Strategic Plan? ☐ Yes ☒ No

  ☐ **Goal 1**: We expand equitable access to services for all New Mexicans

  ☐ **Goal 2**: We ensure safety in New Mexico healthcare environments

  ☐ **Goal 3**: We improve health status for all New Mexicans

  ☐ **Goal 4**: We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?

  ☐ Yes ☐ No ☒ N/A

- If there is an appropriation, is it included in the LFC Budget Request?

  ☐ Yes ☐ No ☒ N/A

- Does this bill have a fiscal impact on NMDOH? ☐ Yes ☒ No

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? ☐ Yes ☒ No

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

SB207 which would prohibit prior authorization for step therapy for certain conditions.

6. TECHNICAL ISSUES

Are there technical issues with the bill? ☒ Yes ☐ No

This bill lists the following drug classes:

(1) glucagon-like peptide-1 agonists;
(2) glucose-dependent insulinotropic polypeptide; or
(3) glucagon-like peptide-1 receptor agonists.

1 and 3 are duplicates.

The is currently no medication on the market that is a glucose-dependent insulinotropic polypeptide. This is likely intended to be a glucose-dependent insulinotropic polypeptide *receptor agonist.* Tirzepatide is a dual GLP-1 and GIP receptor agonist.

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? ☐ Yes ☒ No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? ☐ Yes ☒ No
- Does this bill conflict with federal grant requirements or associated regulations?

  ☐ Yes ☒ No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? ☐ Yes ☒ No

8. DISPARITIES ISSUES

Patients of lower socioeconomic status are less likely to be able to afford to pay out of pocket for medications that are denied due to prior-authorization, or step therapy requirements.

9. HEALTH IMPACT(S)

The American Academy of Family Physicians believes step therapy protocols can delay access to treatments, hinder adherence, increase the risks of side effects, and could result in disease progression for patients. Patients should not be required to repeat protocols if they are on a current effective course of treatment. Ongoing care should ensue while step therapy approvals are obtained and should be tailored to each patient's unique clinical case.
https://www.aafp.org/about/policies/all/prior-authorizations.html

Decreased health outcomes, increased expenditures, along with higher prevalences of related co-morbidities can occur without the availability of approved treatment options.

10. ALTERNATIVES

None

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If SB477 is not enacted, then no changes will be made to prior authorization language in Section 59A-22B-8 NMSA 1978 and GLP-1 and GIP drugs will remain subject to current prior authorization and step therapy practices.

12. AMENDMENTS