

LFC Requester:

Julisa Rodriguez

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 2/21/2025

Check all that apply:

Bill Number: SB 503

Original Correction
Amendment Substitute

Sponsor: Sen. Larry R. Scott

Agency Name and Code Number: 305 – New Mexico Department of Justice

Short Title: PROHIBIT CERTAIN PHARMACY BENEFITS MANAGER ACTS

Person Writing Analysis: AAG Joshua Holst
Phone: 505-537-7676
Email: legisfir@nmag.gov

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						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

This bill has a non-conflicting relationship with SB 62 and HB 174 (discussed in greater detail below).

Duplicates/Relates to Appropriation in the General Appropriation Act: none identified

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator's request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis: In brief, this bill seeks to prohibit the common practices of spread pricing and patient steering by pharmacy benefits managers (PBMs) by amending the Pharmacy Benefits Manager Regulation Act.

Section 1 seeks to amend Section 59A-61-2 of the Pharmacy Benefits Manager Regulation Act (the Act) by defining patient steering and spread pricing. It defines patient steering as a PBM directing a patient to use a preferred pharmacy through mandatory mail order requirements, a PBM requiring a patient to use a restricted network of pharmacies that only consists of pharmacies approved by the PBM, or the use of copay differentials for pharmacies contracted with the PBM and pharmacies that are not contracted with the PBM. The bill defines spread pricing as when a PBM reimburses a pharmacy for a prescription and bills the health plan payor at a higher price than was reimbursed for the same prescription.

Section 2 seeks to amend Section 59A-61-5 of the Act by prohibiting PBMs from engaging in spread pricing and patient steering as defined. Section 2 also seeks to add a new Subsection(G) that states that a clerical or recordkeeping error does not constitute fraud or intentional misrepresentation and cannot be the basis for recoupment unless the error results in an actual overpayment to the pharmacy or the wrong medication is dispensed to the patient.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

None

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

None

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill has a non-conflicting relationship with SB 62 in that both seek to regulate the conduct of PBMs but attack different practices.

There is also a non-conflicting relationship with HB 174 in that both bills step into the realm of pharmacies but do not really interact much beyond that.

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

N/A