

LFC Requester: Julisa Rodriguez

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: February 27, 2025 Check all that apply:
Bill Number: SB 503 Original X Correction ___
Amendment ___ Substitute ___

Sponsor: Sen. Larry R. Scott Agency Name and Code: University of New Mexico-952
Short Title: Prohibit Certain Pharmacy Benefits Mgr. Acts Person Writing: Kelly O'Donnell
Phone: 505-659-5702 Email: kodonnell@unm.edu

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Table with 4 columns: Appropriation (FY25, FY26), Recurring or Nonrecurring, Fund Affected

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Table with 5 columns: Estimated Revenue (FY25, FY26, FY27), Recurring or Nonrecurring, Fund Affected

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

Table with 7 columns: Total, FY25, FY26, FY27, 3 Year Total Cost, Recurring or Nonrecurring, Fund Affected

(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:

SB 503 prohibits pharmacy benefit managers from engaging in certain anti-competitive practices including patient steering and spread pricing. It also protects pharmacies from PBM recoupment actions predicated solely on typographical errors.

FISCAL IMPLICATIONS

SB 503 is consumer protection legislation. Additional regulation of these practices could be cost saving for UNM pharmacy operations.

SIGNIFICANT ISSUES

Patient steering is a practice that merits further regulation

- Patients are frequently directed by PBMs to switch to their affiliated pharmacies. Tactics include, but are not limited to, encouraging the use of mail-order services to reduce costs or removing their preferred pharmacy from the network. This practice increases PBM market share while lowering reimbursement rates for competing pharmacies.
- In the specialty market the following tactics are used:
 - Requiring providers to obtain drugs from PBM-affiliated pharmacies for clinical administration (white bagging)
 - Requiring patients to obtain drugs from PBM-affiliated pharmacies and bring them to providers for administration (brown bagging)
 - Bundling exclusive services and assets to promote use of affiliated pharmacies.
 - Expediting resolution of drug utilization management requirements for prescriptions sent to affiliated pharmacies, but not for independent providers.
 - Conducting targeted marketing campaigns to patients and specialty providers.

Spread pricing is another PBM practice that merits additional regulation

Spread pricing is a PBM business practice wherein PBMs charge more to health plans than they pay pharmacies for prescription drugs. The difference, or "spread," is the PBM's profit. Spread pricing increases PBM revenue while fostering unsustainably low reimbursement rates for pharmacies.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS