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## FISCAL IMPACT REPORT

LAST UPDATED \_\_\_\_\_

SPONSOR O'Malley/Padilla/Charley/Sedillo Lopez ORIGINAL DATE 2/16/2025

BILL

SHORT TITLE Weight Loss Drugs Insurance Coverage NUMBER Senate Bill 193

ANALYST Esquibel

### REVENUE\* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
		See Fiscal Implications	See Fiscal Implications	See Fiscal Implications	See Fiscal Implications	Recurring	Health Insurance Premium Taxes, Insurance Premium Surcharge Taxes, GRT

Parentheses ( ) indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMPSIA	No Fiscal Impact	\$15,800.0	\$17,380.0	\$33,180.0	Recurring	NMPSIA Operating Fund
RHCA	No Fiscal Impact	\$4,600.0	\$5,060.0	\$9,660.0	Recurring	RHCA Operating Fund
Medicaid	No Fiscal Impact	\$4,751.3	\$9,502.5	\$14,253.8	Recurring	General Fund
Medicaid	No Fiscal Impact	\$17,050.3	\$34,100.6	\$51,150.9	Recurring	Federal fund
Health Care Affordability Fund	No Fiscal Impact	\$2,346.0	\$4,692.0	\$7,038.0	Recurring	Health Care Affordability fund
UNM Hospital	No Fiscal Impact	\$11,000.0	\$11,300.0	\$22,300.0	Recurring	UNMH Operating Fund
Total	No Fiscal Impact	\$55,547.6	\$82,035.1	\$137,582.7	Recurring	Multiple

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
 Attorney General's Office (NMAG)  
 Health Care Authority (HCA)

NM Public School Insurance Authority (NMPSIA)  
NM Retiree Health Care Authority (RHCA)  
Office of Superintendent of Insurance (OSI)  
Regulation and Licensing Department (RLD)  
University of New Mexico Health Sciences Center (UNMHSC)

## **SUMMARY**

### **Synopsis of Senate Bill 193**

Senate Bill 193 (SB193) would amend the Health Care Purchasing Act, New Mexico Insurance Code, Health Maintenance Organization law, and Nonprofit Health Care Plan law to provide coverage for injectable glucagon-like peptide-1 receptor agonist (GLP-1 agonist) medication prescribed for chronic weight management in adults with obesity.

The provisions of the bill would apply to all health insurance policies, plans, and contracts that become effective January 1, 2026.

## **FISCAL IMPLICATIONS**

The New Mexico Public School Insurance Authority (NMPSIA) projects a “low impact” scenario with an additional take up by 5,108 new users at an approximate cost of \$15.8 million annually and a 10 percent growth rate. NMPSIA also provided data on a high impact scenario with costs as high as a projected \$23 million to \$52 million annually with a take up of 7,649 new users.

The New Mexico Retiree Health Care Authority (RHCA) projects a “low impact” scenario with an additional take up by 1,488 new users at an approximate cost of \$4.6 million annually and a 10 percent growth rate. RHCA also provided data on a high impact scenario with costs as high as a projected \$6.1 million to \$13.4 million annually with a take up of 1,973 new users.

The Health Care Authority (HCA) reports there are roughly 31,583 Medicaid members with a diagnosis of obesity (body mass index >30) without a diagnosis of diabetes. The Medicaid program already covers GLP-1s for diabetes. In a low utilization scenario, HCA estimates that 3,563 people (11.3 percent of the population meeting clinical criteria for obesity) would start GLP-1 therapy, with only 2,280 (64 percent) completing a full year of treatment. Total costs in the low utilization scenario are estimated at \$43.6 million, after Medicaid drug rebates, with a state general fund cost of \$9.5 million. The high utilization scenario is projected at a total cost of \$386.5 million, with a state general fund cost of \$84.2 million.

HCA reports the bill’s provisions would affect programs funded by the health care affordability fund. The fiscal impact to the small business health insurance premium relief initiative is projected to cost \$1.9 million. The coverage expansion program which covers a portion of premiums and claims is projected to cost \$2.8 million. The total estimated cost is \$4.7 million.

UNM Hospital’s (UNMH) self-insured health plan does not currently cover GLP-1s for obesity. UNMH estimates adding this coverage would cost approximately \$11 million annually. The UNMH fiscal impact estimate assumes 3 percent annual inflation.

The above projected potential increases to costs and ensuing health insurance premiums could have an estimated commensurate positive gain for health insurance premium taxes, health insurance premium surcharge taxes, and gross receipts taxes.

## **SIGNIFICANT ISSUES**

HCA reports the bill would have a significant fiscal impact on the Medicaid program and the bill does not contain an appropriation to pay for this additional Medicaid prescription drug benefit.

The Office of Superintendent of Insurance (OSI) notes the bill does not address prior authorization, step therapy, formulary tier placement, or other potential barriers to treatment for high-cost medications that are covered by an insurance carrier. OSI reports the bill does not specify GLP-1 agonists with a federal Food and Drug Administration (FDA) indication for weight loss and obesity. The FDA published concerns over the use of non-FDA approved GLP-1 drugs. At this time, the FDA approved GLP-1 agonists for type 2 diabetes, obesity, and one has been approved for the treatment of heart disease. However, there is ongoing research, and off-label uses, of GLP-1 drugs for multiple disorders including Alzheimer's.

OSI suggests an amend the bill's language from "prescribed" to "FDA approved" throughout the bill because not all GLP-1 agonists are approved or appropriate for the treatment of weight management related to obesity. Off-label prescribing of GLP-1 agonists not approved for the treatment of weight management has been flagged by the FDA as a danger to patients.

OSI notes additionally recommending narrowing the scope to require coverage "when medically necessary for the treatment of morbid obesity and obesity."

## **PERFORMANCE IMPLICATIONS**

HCA reports the state health benefit plan (SHB) already covers GLP-1 drugs for weight loss and spent the following:

- FY25: GLP-1 spend for weight loss is approximately \$20 million.
- FY26: GLP-1 spend for weight loss is projected to cost between \$25M and \$40M, which represents between 4.6 percent and 7.4 percent of overall medical/Rx spend.

Growth in GLP-1 drugs for weight loss is the largest share of growth in the prescription drug spend for state health benefits.

## **OTHER SUBSTANTIVE ISSUES**

UNMH notes GLP-1 medications have been shown to be cost effective treatments for diabetes. However, cost effectiveness studies do not currently provide strong support for mandating GLP-1s for obesity, in part because GLP-1 medications are quite costly and because other, less costly medications and lifestyle changes can produce similar improvements in quality of life at significantly lower cost.

NMPSIA and RHCA report GLP-1 drugs may be approved for new indications. As the proportion of obese people in the New Mexico population grows, more members may elect to

use GLP-1s to treat their obesity. As both demand and eligibility for GLP-1 medications increase, national supplies of these medications may be stressed and affect access and raise costs. While NMPSIA currently offers GLP-1 medications to members who qualify based on clinical criteria, GLP-1s are a continuously growing portion of NMPSIA's overall prescription drug spend. SB193 would further impair NMPSIA from making any changes to control drug spend by managing GLP-1 utilization.

RAE/sgs