



NEW MEXICO | OFFICE OF
SUPERINTENDENT
OF INSURANCE

Update on:

- Health Insurance Mental Health Coverage
- Drug Transparency Act

Presenters:

- ❖ Viara Ianakieva, Director, Life & Health Division
- ❖ Alejandro Amparan, Director of Pharmacy Benefits and Durg Compliance

Summary of Presentation

- Health Insurance Mental Health Coverage
 - Background
 - Federal Mental Health Parity and Equity Act (“MHPAEA”) Requirements
 - State Senate Bill 273 Enhancements
 - Implementation Update
- Drug Price Transparency Act
 - Background
 - Implementation Update

Mental Health Coverage Disparities



Background

- There has been a long history of inequity related to coverage of behavioral health including Mental Health and Substance Use Disorder (MH/SUD) compared to Medical/Surgical (MED/SURG)
- Behavioral Health Limitations
 - Strict coverage limits and exclusions
 - Annual and lifetime caps
 - Higher deductibles and out-of-pocket costs
- These limitations created significant barriers to care

Key Provisions of Federal MHPAEA Requirements

Federal MHPAEA rules created changes that improved access to MH/SUD services

Parity in:

- Financial Requirements
- Quantitative Treatment Limitations (QTL)
- Non-Quantitative Treatment Limits (NQTL)

What led to Senate Bill 273 (Health Insurance Mental Health Coverage)

- New Mexico continues to experience:
 - Suicide rates are 50% higher than national rates over past 20 years¹
 - Highest alcohol-related death rate in the country²
 - Ranks 6th nationally for drug related overdose deaths³
 - Ranks 16th in the nation for access to mental health care⁴
 - The supply of MH/SUD services not meeting the demand

¹NM-IBIS - Health Indicator Report - Suicide Deaths by County, New Mexico, 2016-2020. (n.d.). Ibis.doh.nm.gov. <https://ibis.doh.nm.gov/indicator/view/SuicDeath.Cnty.html>

²NM-IBIS - Health Indicator Report - Alcohol-related Deaths by Year, New Mexico, 1990 to 2020. (n.d.). Ibis.doh.nm.gov. https://ibis.doh.nm.gov/indicator/view/AlcoholRelatedDth.Year.NM_US.html

³Progress Report Program Evaluation Unit Legislative Finance Committee Addressing Substance Use *Disorders*. (2023). <https://www.nmlegis.gov/handouts/LHHS%20091823%20Item%2013%20LFC%20Substance%20Use%20Report.pdf>

⁴Access to Care Data 2024. (2024). Mental Health America. <https://www.mhanational.org/issues/2024/mental-health-america-access-care-data>

Senate Bill 273 - Health Insurance Mental Health Coverage



Introduced by Senators Hickey, Correa Hemphill, and Steinborn

- Passed 2023, effective January 1st, 2024
- Builds on Federal MHPAEA requirements
- Mandates Mental Health and Substance Use Disorder benefits and services coverage
- Sets Provider Network Adequacy standards
- Sets Utilization review standards based on generally recognized standards of care
- Prohibition of Prior Authorization for certain services
- Enhanced OSI oversight and compliance
- Requires transparency through annual legislative reporting

SB 273

Health Insurance

Mental

Health Coverage

State

Enhancements

More specifically

- Prior Authorization Restrictions
- Prohibits in-network prior authorizations for most MH/SUD services
- Prohibits modifications and rescissions of Prior Authorization (PA)
- Requires parity in BH provider reimbursement rates
- Requires coverage of out-of-network services at in-network cost sharing levels, when in-network care is not available

MHPAEA



OSI Actions Pursuant to Federal Law

- Incorporated MHPAEA review as part of the Qualified Health Plan (QHP) form and rate review process
- Required MHPAEA Compliance Attestation by Insurers
- OSI required insurers to develop and upon request provide NQTL Comparative Analyses
- OSI recruited contractors with expertise in MHPAEA audits and engaged in comprehensive reviews
- Federal Grant
 - Developed training materials, templates and carrier guidance for MHPAEA reporting
 - Phase I - comprehensive reviews of insurers' policy and procedures related to Benefit Design, Provider Network development and Utilization Management (UM).
 - Phase II – expanded claims review comparing the "as written" policies vs. "in operation" MHPAEA compliance

MHPAEA



Compliance Issues Identified by OSI Contractors

- Utilization Management Concerns
- Potential Disparity in Denial Reasons: MH/SUD vs Med/Surg Claims
- Network Adequacy Concerns
- Credentialing and Reimbursement Concerns
- Created a strong foundation for future audits by OSI and set expectations for insurers regarding MHPAEA compliance.

MHPAEA

Current Compliance Focus on MHPAEA

- The OSI Mental Health Parity team is validating findings from contractors' final reports to prepare Corrective Action Plans (CAP) and possibly assess penalties for insurers
 - Currently specificity is not available in the final reports, which is a critical component for issuing violations and penalties with certainty
 - Next Steps for Compliance and Enforcement
 - Identify carrier non-compliant documents, files, and data
 - Ensure carriers receive detailed guidance for CAPs
 - Validate violations and finalize reports
 - Issue CAPS with specific corrective measures
 - Determine if penalties should be imposed for unresolved violations

Senate Bill 273: Health Insurance Mental Health Coverage Compliance



OSI Actions

- SB273 expanded OSI's capacity for MH/SUD parity metrics review and compliance
- Funding increased agency staff and industry expert contractors
 - 4 contractors; 2 Program coordinators, 1 Attorney, and 1 Data analyst
- Guidance Development for Insurance Carriers
 - Published Bulletin 2024-013, requiring evidence of coverage language for MH/SUD services along with a compliance table and guidance for insurers on acceptable "generally recognized standards of care" for medical necessity decisions
 - Published a timeline for UM, Provider Network, and benefit design data requests and templates for 2024 plan year compliance
- Metrics and Data Planning to identify data needed for each compliance requirement under SB273

MHPAEA and SB 273



Next Steps with Target Completion Dates

- January 2025: OSI will issue the first data request that will review for compliance with both the Federal MHPAEA rules and the enhanced requirements of SB 273
- Review of 2026 benefit plans for MHPAEA and SB 273, which will occur in Spring/Summer of 2025
- Prepare for upcoming Federal MHPAEA rules. This will include the creation of an OSI bulletin notifying the insurers of the changes and requirements
- Continue developing better ways to assess MH/SUD parity to best serve New Mexico

Senate Bill 273



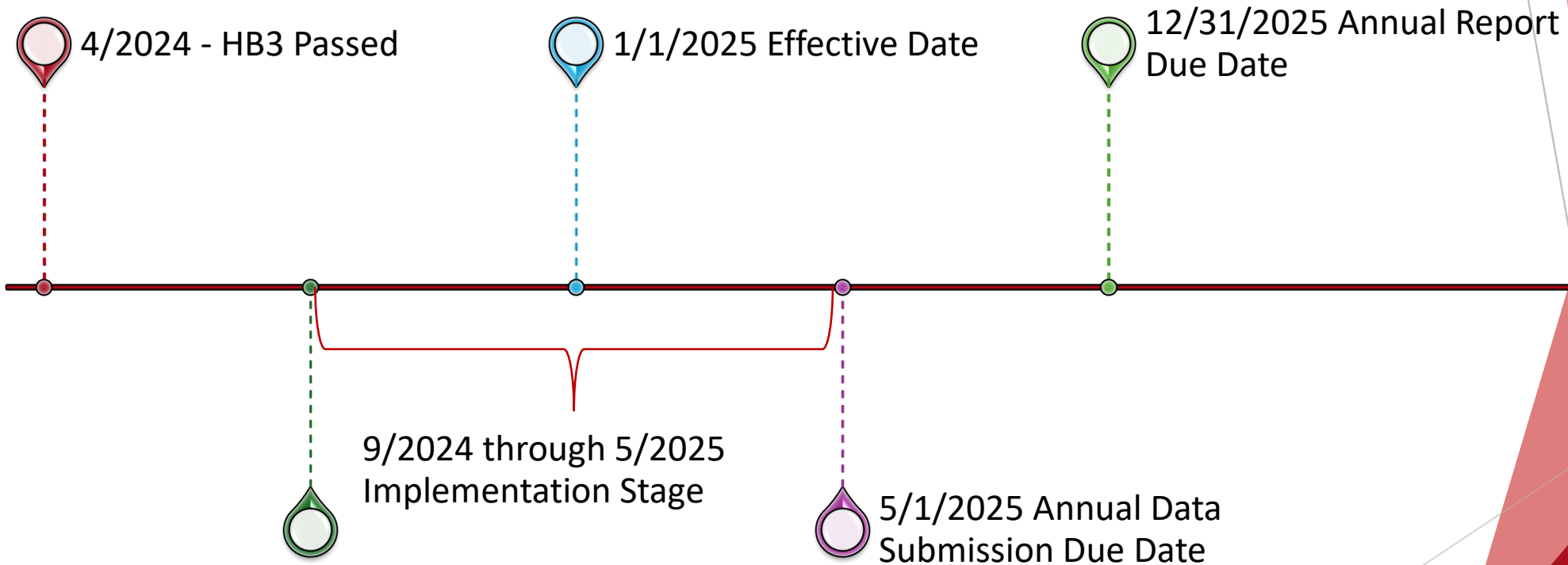
Implementation Continued

- OSI to conduct ongoing MH/SUD Parity audits
 - Annual Data Calls
- Providers, consumers and carriers outreach scheduled for January 2025
- Providers, consumer and carriers FAQs development on OSI website



Prescription Drug Price Transparency Act Implementation Update

Prescription Drug Price Transparency Act Implementation



Prescription Drug Transparency Matters

- Rising RX costs impact affordability and accessibility
- Lack of visibility into pricing contributes to disparities in healthcare costs
 - Manufacturers, Wholesalers, Pharmacy Benefit Managers, Pharmacy Service Administration Organizations, Health Insurance Carriers
- HB33 is part of a national trend toward addressing pharmaceutical pricing challenges

Drug Price Transparency Act and Key Provisions

- Data collection and annual reporting
 - Drug Manufacturers
 - Not regulated, licensed, or registered with OSI
 - PSAOs (Pharmacy Services Administrative Organizations)
 - Registered with OSI
 - Health Insurers
 - Licensed and regulated
 - PBMs (Pharmacy Benefits Managers)
 - Licensed and regulated
- OSI Legislative Reports
 - In addition to the data provided by the aforementioned entities, OSI is required to gather and present data related to effect of rising drug prices specific to NM residents.
- Enforcement

Drug Manufacturers

- Requires manufacturers to report drugs with a significant increase in wholesale cost from the previous year
- Snapshot of drugs that have had significant increases in cost year to year

Pharmacy Services Administrative Organizations (PSAO)

- Requires PSAOs to report 25 drugs with highest reimbursements rates, changes to reimbursements rates

Health Insurers

- 25 most frequently prescribed prescription drug products
- 25 most costly prescription drug products by total annual plan spending
- 25 drug products with the highest increase in total annual spending compared to the previous calendar year
- An evaluation on the effect that the cost of prescription drug products has on health care premiums

Pharmacy Benefit Management (PBM) Reporting Requirements

- Aggregate rebates and fees collected from manufacturers
- Aggregate dollar amount of rebates passed on to health insurers, passed on to consumers, and retained by the PBM
- Concerns:
 - Reports are exempt from identifying any specific health insurer, the price charged for a specific prescription drug product or class of prescription drug products or the amount of any rebate or fee provided for a specific prescription drug product or class of prescription drug products.

Legislative Reporting

- OSI must report to legislature annually
 - Aggregate data
 - Market trends for prescription drugs products across the state and country
 - Impact of prescription drug prices in the state and impact on the cost of healthcare premiums
 - Geographic/demographic most affected in the state by high prescription drugs costs
 - Recommendations on action or legislation needed to make drugs more affordable

Enforcement

- Statutory penalties
 - failing to submit information or data;
 - failing to submit information or data on time; or
 - providing inaccurate or incomplete information or data
- Concerns on OSI's authority to impose penalties on entities not registered, licensed, and/or regulated by OSI

Implementation

- Contract development
- Stakeholder Engagement
 - Drug Manufactures have reached out to OSI for guidance
 - PhRMA has indicated a willingness and is collaborating with OSI on implementation and compliance
- 1st Price Transparency Roundtable, December 2024
- Law goes in effect January 1, 2025
- Early Bird Submission, January 31st, 2025
- 2nd Price Transparency Roundtable, February 2025

Milestones

- Data Submission Guidance, target date of March 1, 2025
- Reporting System goes live on March 31, 2025
- Official Data submission window is from April 1 to April 30, 2025
- Final data submission due date, May 1, 2025
- OSI legislative report due date, December 31, 2025