



NEW MEXICO  
LEGISLATIVE  
FINANCE  
COMMITTEE

## Pharmaceutical Update

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November 19, 2024

# Overview

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- Fiscal Impact of Rising Health Care and Pharmaceutical Costs
- Medicaid Pharmaceutical Cost Data
- State Laws Passed to Lower Prescription Drug Costs
- Strategies in Oregon and Missouri
- Appendices: Comparative Pharmacist Data



# Rising Health Care Prices

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- Rising health care prices cause companies to cut jobs and lower wages, according to a recent working paper published in the National Bureau of Economic Research.
- A 1 percent increase in county-level health care prices reduced county-level labor income per capita by 0.27 percent, increased flows into unemployment by 0.1 percentage points, reduced income tax withholdings by 0.4 percent, and increased unemployment insurance payments by 2.5 percent.



# New Mexico Public School Insurance

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- From FY18 to FY23, insurance expenses rose from \$309.8 million to \$378.3 million, an increase of 22 percent or about 4 percent per year, based on finance reports filed with the Public Education Department.
- Health insurance costs were up by \$45.8 million, or 20.8 percent, an average of 4 percent per year.
- From FY18 to FY23, the Legislature added \$50.1 million to the public school funding formula for insurance costs, mostly to cover health insurance rate increases.
- However, this falls short of the \$68.5 million in increases school districts and charter schools actually paid over that period.



# NMPSIA Pharmaceutical Usage

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- Actuaries for the Public School Insurance Authority (NMPSIA) reported a 417 percent increase in the use of obesity management drugs among NMPSIA members in calendar year 2023, from 455 prescriptions in 2022 to 2,354 prescriptions in 2023.
- Total costs were up 616 percent, from \$433 thousand to \$3.1 million.
- Additionally, fewer members are using generic medication: in 2022, 30 percent of obesity management prescriptions were for generic medications; in 2023, only 5 percent were generic. Actuaries noted this is a national trend, likely driven by widespread media coverage of weight loss drugs.



# New Mexico Health Care Authority State Health Benefits Plan Pharmaceutical Cost Containment

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- The state health benefits plan is projecting a \$73 million shortfall for FY25. The gap between FY24 revenues and FY25 expenses is \$157 million.
- Expenses for the plan are projected at \$552 million, a \$97 million, or 21 percent increase in expenses from the prior year.
- For FY25, the 10 percent increase in premiums is projected to increase revenue by \$84.6 million. But since there was already a structural shortfall in FY24, the increased premiums are not sufficient to cover the gap.
- The most significant expense driver was a 25 percent increase in pharmaceutical costs primarily driven by weight loss drugs.
- To control pharmaceutical costs, NM HCA is looking at implementing reference-based pricing; whether its pharmacy benefits manager (CVS) is within market; and performing a claims integrity audit; among other efforts.



# Medicaid Q3 Pharmaceutical, 2020-2021, 2021-2022

3. Total Program Medical/Pharmacy Dollars						
	<b>Aggregate Costs by Service Categories</b>			<b>Per Capita Medical Costs by Service Categories (PMPM)</b>		
	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change
Medical	\$ 3,966,579,792	\$ 4,212,706,774	6%	\$ 452.44	\$ 448.45	-1%
Pharmacy	\$ 454,989,420	\$ 496,447,037	9%	\$ 51.90	\$ 52.85	2%
<b>Total</b>	<b>\$ 4,421,569,212</b>	<b>\$ 4,709,153,811</b>	<b>7%</b>	<b>\$ 504.34</b>	<b>\$ 501.30</b>	<b>-1%</b>
	<b>Aggregate Costs by Service Categories</b>			<b>Per Capita Medical Costs by Service Categories (PMPM)</b>		
	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change
Acute Inpatient	\$ 884,237,753	\$ 764,037,194	-14%	\$ 100.86	\$ 81.33	-19%
Acute Outp/Phy	\$ 803,286,483	\$ 1,012,777,772	26%	\$ 91.63	\$ 107.81	18%
Nursing Facility	\$ 255,582,063	\$ 216,834,240	-15%	\$ 29.15	\$ 23.08	-21%
Community Benefit/PCO	\$ 446,681,467	\$ 497,223,494	11%	\$ 50.95	\$ 52.93	4%
Other Services	\$ 1,117,320,730	\$ 1,220,297,060	9%	\$ 127.44	\$ 129.90	2%
Behavioral Health	\$ 459,471,297	\$ 501,537,014	9%	\$ 52.41	\$ 53.39	2%
Pharmacy (All)	\$ 454,989,420	\$ 496,447,037	9%	\$ 51.90	\$ 52.85	2%
<b>Total Costs</b>	<b>\$ 4,421,569,212</b>	<b>\$ 4,709,153,811</b>	<b>7%</b>	<b>\$ 504.34</b>	<b>\$ 501.30</b>	<b>-1%</b>

\* Per capita not normalized for case mix changes between periods.

**Previous (12 mon) service distribution**

**Current (12 mon) service distribution**

Source: NM HCA



# Medicaid Q3 Pharmaceutical, 2021-2022, 2022-2023

3. Total Program Medical/Pharmacy Dollars						
	Aggregate Costs by Service Categories			Per Capita Medical Costs by Service Categories (PMPM)		
	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change
<b>Medical</b>	\$ 4,470,101,861	\$ 4,547,525,295	2%	\$ 475.39	\$ 466.36	-2%
<b>Pharmacy</b>	\$ 485,143,421	\$ 544,747,046	12%	\$ 51.59	\$ 55.87	8%
<b>Total</b>	<b>\$ 4,955,245,282</b>	<b>\$ 5,092,272,340</b>	<b>3%</b>	<b>\$ 526.99</b>	<b>\$ 522.23</b>	<b>-1%</b>
	Aggregate Costs by Service Categories			Per Capita Medical Costs by Service Categories (PMPM)		
	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change
<b>Service Categories</b>						
■ Acute Inpatient	\$ 837,762,362	\$ 804,922,861	-4%	\$ 89.10	\$ 82.55	-7%
■ Acute Outp/Phy	\$ 1,032,619,035	\$ 1,031,807,612	0%	\$ 109.82	\$ 105.82	-4%
■ Nursing Facility	\$ 235,031,798	\$ 243,543,077	4%	\$ 25.00	\$ 24.98	0%
■ Community Benefit/PCO	\$ 445,337,393	\$ 558,829,206	25%	\$ 47.36	\$ 57.31	21%
■ Other Services	\$ 1,423,974,701	\$ 1,375,214,019	-3%	\$ 151.44	\$ 141.03	-7%
■ Behavioral Health	\$ 495,376,572	\$ 533,208,519	8%	\$ 52.68	\$ 54.68	4%
■ Pharmacy (All)	\$ 485,143,421	\$ 544,747,046	12%	\$ 51.59	\$ 55.87	8%
<b>Total Costs</b>	<b>\$ 4,955,245,282</b>	<b>\$ 5,092,272,340</b>	<b>3%</b>	<b>\$ 526.99</b>	<b>\$ 522.23</b>	<b>-1%</b>

\* Per capita not normalized for case mix changes between periods.

**Previous (12 mon) service distribution**

Service Category	% of Total
Other Services	28%
Acute Outp/Phy	21%
Acute Inpatient	17%
Pharmacy (All)	10%
Behavioral Health	10%
Community Benefit/PCO	9%
Nursing Facility	5%

**Current (12 mon) service distribution**

Service Category	% of Total
Other Services	27%
Acute Outp/Phy	20%
Acute Inpatient	16%
Pharmacy (All)	11%
Behavioral Health	11%
Community Benefit/PCO	11%
Nursing Facility	5%

Source: NM HCA





# Medicaid Q3 Pharmaceutical, 2022-2023, 2023-2024

3. Total Program Medical/Pharmacy Dollars						
	Aggregate Costs by Service Categories			Per Capita Medical Costs by Service Categories (PMPM)		
	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change
	<b>Medical</b>	\$ 4,597,862,095	\$ 4,601,309,709	0%	\$ 470.27	\$ 505.57
<b>Pharmacy</b>	\$ 540,433,838	\$ 542,959,021	0%	\$ 55.28	\$ 59.66	8%
<b>Total</b>	<b>\$ 5,138,295,932</b>	<b>\$ 5,144,268,730</b>	<b>0%</b>	<b>\$ 525.55</b>	<b>\$ 565.23</b>	<b>8%</b>

Service Categories	Aggregate Costs by Service Categories			Per Capita Medical Costs by Service Categories (PMPM)		
	Previous (12 mon)	Current (12 mon)	% Change	Previous (12 mon)	Current (12 mon)	% Change
	■ Acute Inpatient	\$ 850,317,321	\$ 700,192,806	-18%	\$ 86.97	\$ 76.93
■ Acute Outpt/Phy	\$ 1,029,138,809	\$ 1,105,928,331	7%	\$ 105.26	\$ 121.51	15%
■ Nursing Facility	\$ 256,186,807	\$ 249,706,311	-3%	\$ 26.20	\$ 27.44	5%
■ Community Benefit/PCO	\$ 544,800,201	\$ 602,972,916	11%	\$ 55.72	\$ 66.25	19%
■ Other Services	\$ 1,382,416,702	\$ 1,310,547,240	-5%	\$ 141.39	\$ 144.00	2%
■ Behavioral Health	\$ 535,002,256	\$ 631,962,105	18%	\$ 54.72	\$ 69.44	27%
■ Pharmacy (All)	\$ 540,433,838	\$ 542,959,021	0%	\$ 55.28	\$ 59.66	8%
<b>Total Costs</b>	<b>\$ 5,138,295,932</b>	<b>\$ 5,144,268,730</b>	<b>0%</b>	<b>\$ 525.55</b>	<b>\$ 565.23</b>	<b>8%</b>

\* Per capita not normalized for case mix changes between periods.

**Previous (12 mon) service distribution**

Service Category	% of Total
Acute Inpatient	17%
Acute Outpt/Phy	20%
Nursing Facility	5%
Community Benefit/PCO	11%
Other Services	27%
Behavioral Health	10%
Pharmacy (All)	10%

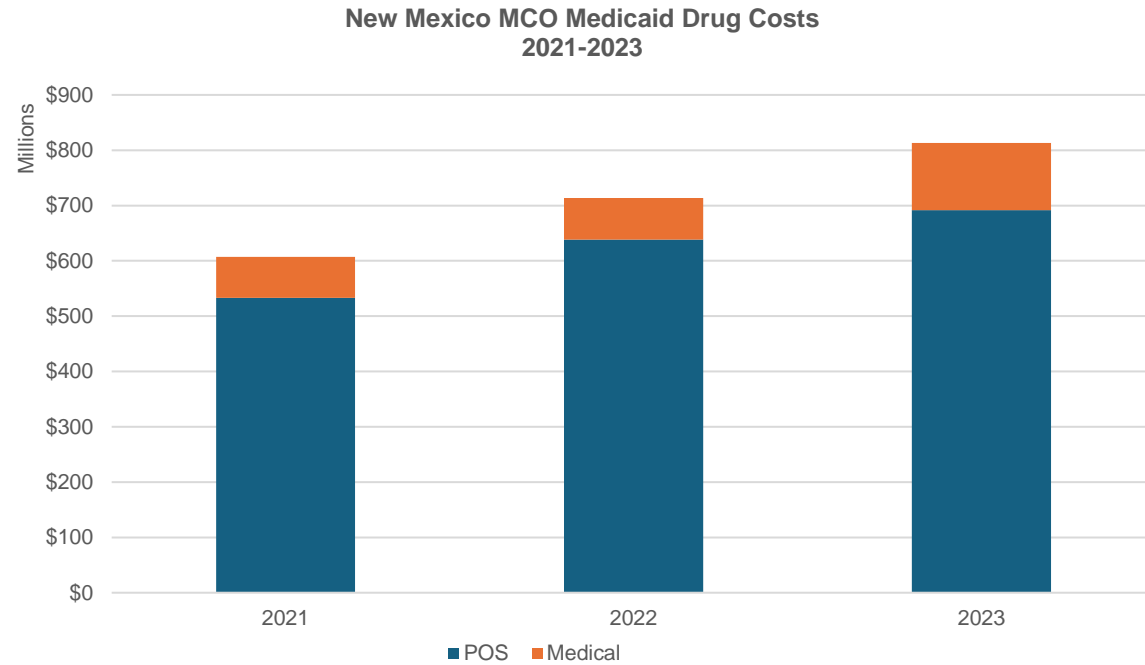
**Current (12 mon) service distribution**

Service Category	% of Total
Acute Inpatient	14%
Acute Outpt/Phy	21%
Nursing Facility	5%
Community Benefit/PCO	12%
Other Services	25%
Behavioral Health	11%
Pharmacy (All)	12%

Source: NM HCA



# New Mexico Medicaid Spending Has Increased for Point of Sale and Medical Pharmacy Costs



Source: MCO Report #44



Point of Sale (POS) Pharmacy Costs have increased by 28% between 2021 and 2023

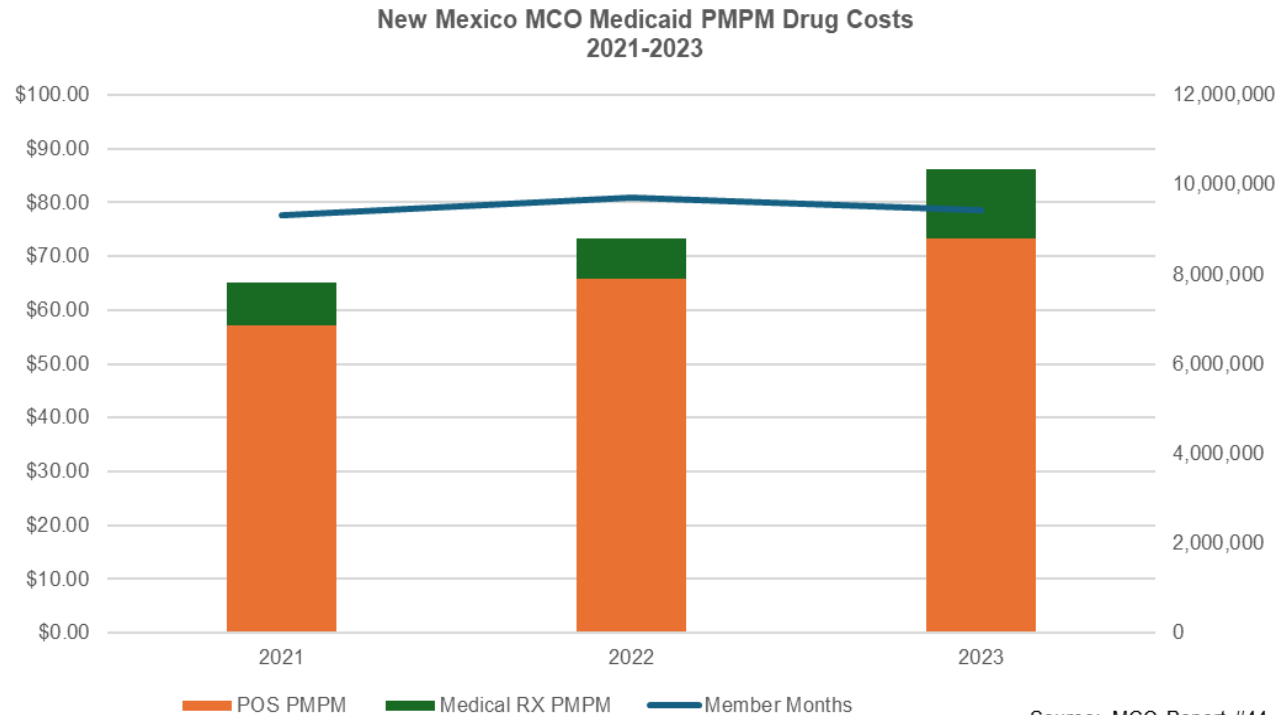


Medical Pharmacy Costs have increased by 62% between 2021 and 2023

*Data does not include rebates*



# Overall Pharmacy Costs for New Mexico Medicaid Have Increased and Medical RX Costs are Rising Faster than POS RX Costs



Source: MCO Report #44



- Medical RX spend increased in 2023 and more rapidly than POS RX
- The highest amount for medical RX spend was for cancer drugs

## Top Therapeutic Classes by Total Spend for 4Q 2023

Therapeutic Class Code Description	Paid Amount	Cost/Claim
ANTINEOPLASTICS AND ADJUNCTIVE THERAPIES	\$6,585,158	\$2,929
ENDOCRINE AND METABOLIC AGENTS - MISC.	\$1,518,204	\$2,041
NEUROMUSCULAR AGENTS	\$1,406,051	\$851
HEMATOPOIETIC AGENTS	\$1,144,030	\$393
CONTRACEPTIVES	\$1,104,957	\$324
HEMATOLOGICAL AGENTS - MISC.	\$1,065,235	\$2,774
OPHTHALMIC AGENTS	\$779,802	\$954
PASSIVE IMMUNIZING AND TREATMENT AGENTS	\$761,679	\$2,395
GASTROINTESTINAL AGENTS - MISC.	\$652,768	\$547
ANALGESICS - ANTI-INFLAMMATORY	\$297,831	\$21

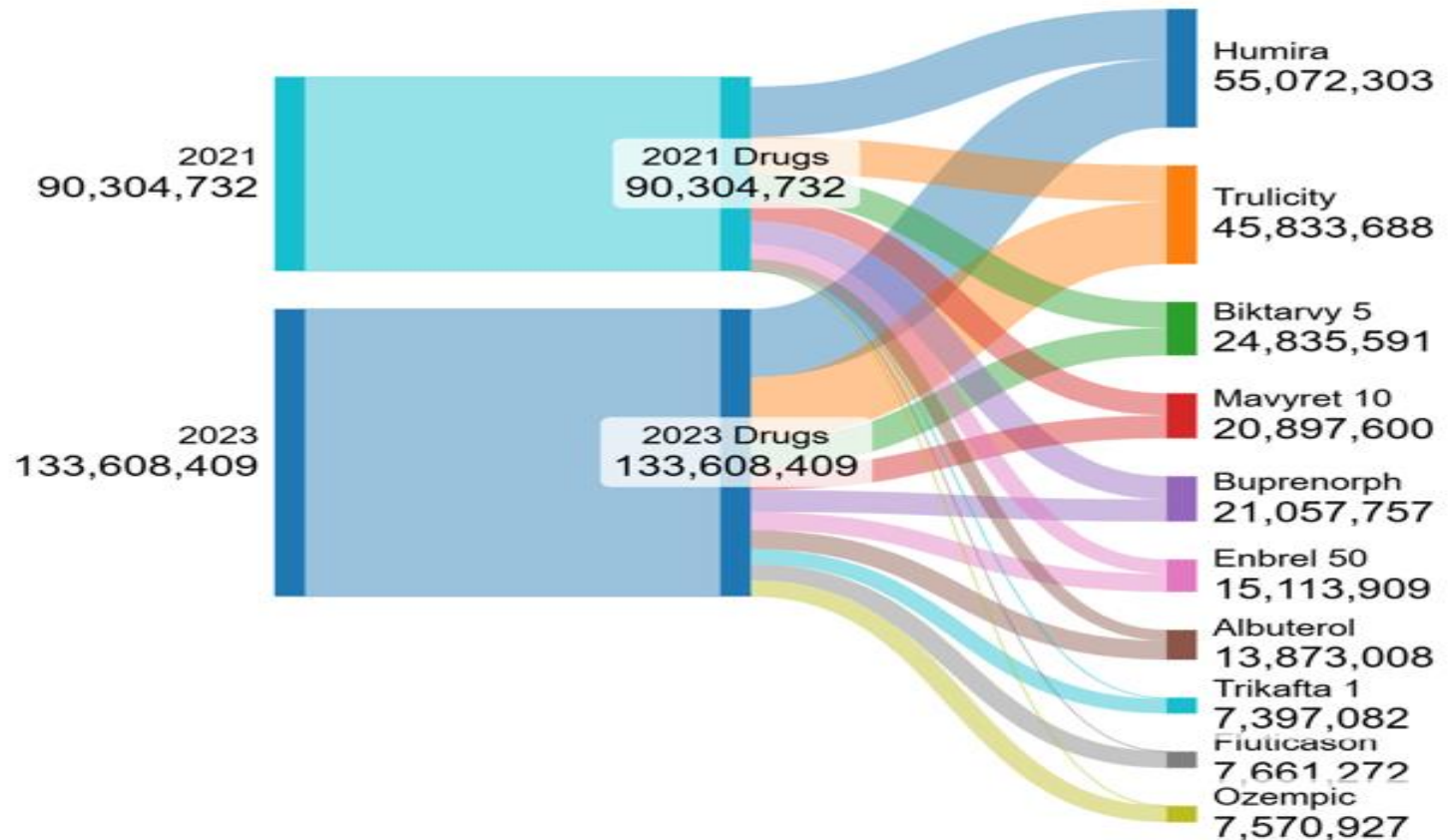
Source: MCO Report #44

Data does not include rebates



# Top 10 Most Used New Mexico Medicaid Drugs and Costs Associated with Them

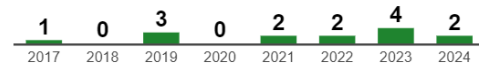
- New drugs, introduced in the last two years, have shifted the composition of top Medicaid Drugs
- Costs for Humira and Trulicity have continued to increase due to Medicaid membership increases and cost per script increases



Data does not include rebates



# State Laws Passed to Lower Prescription Drug Costs, 2017-2024: Affordability Review



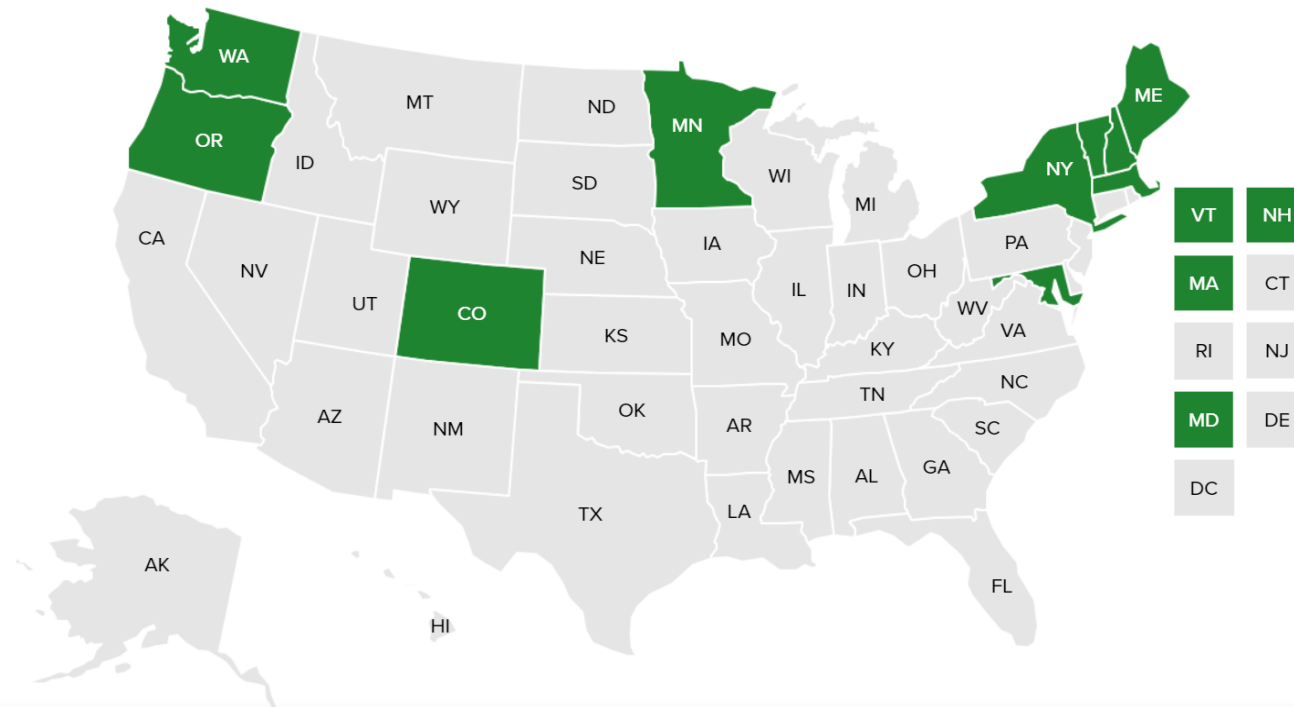
Number of Laws

14

Total Laws

10

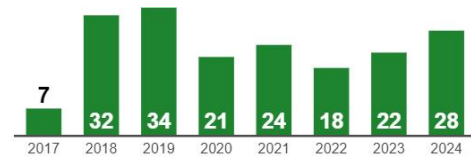
Number of States



Source: NASHP



# State Laws Passed to Lower Prescription Drug Costs, 2017-2024: Pharmacy Benefit Manager



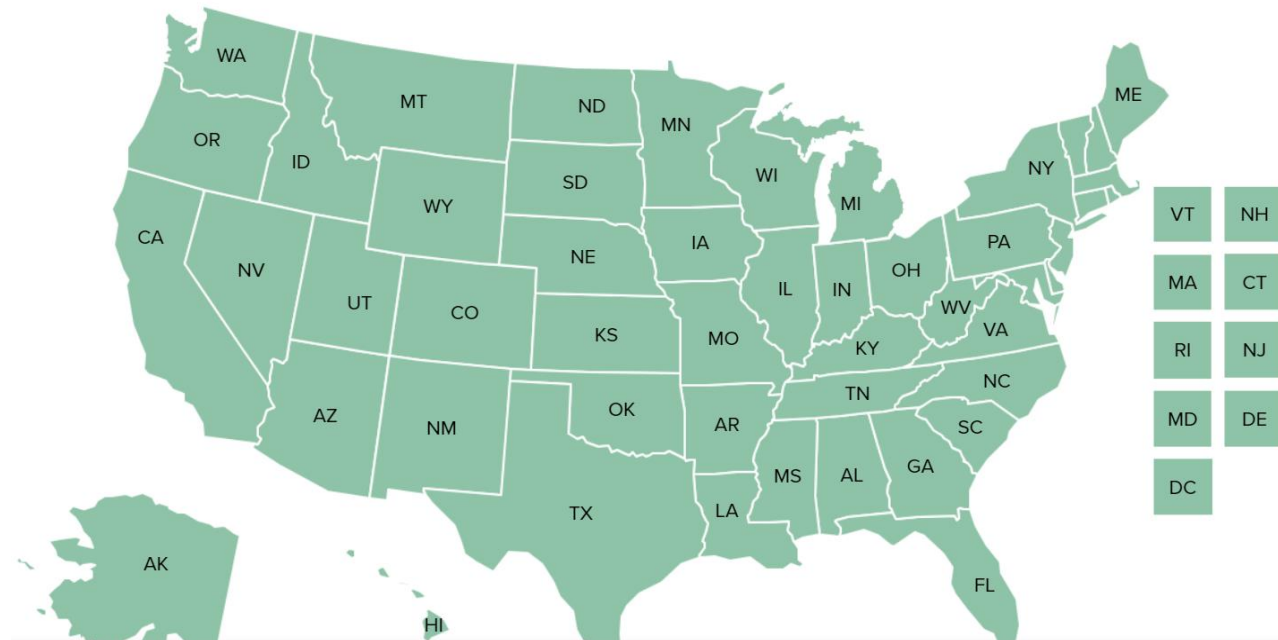
Number of Laws

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Total Laws

50

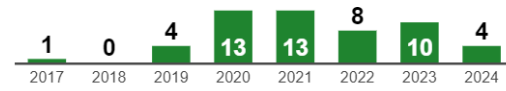
Number of States



Source:NASHP



# State Laws Passed to Lower Prescription Drug Costs, 2017-2024: Consumer Cost Sharing



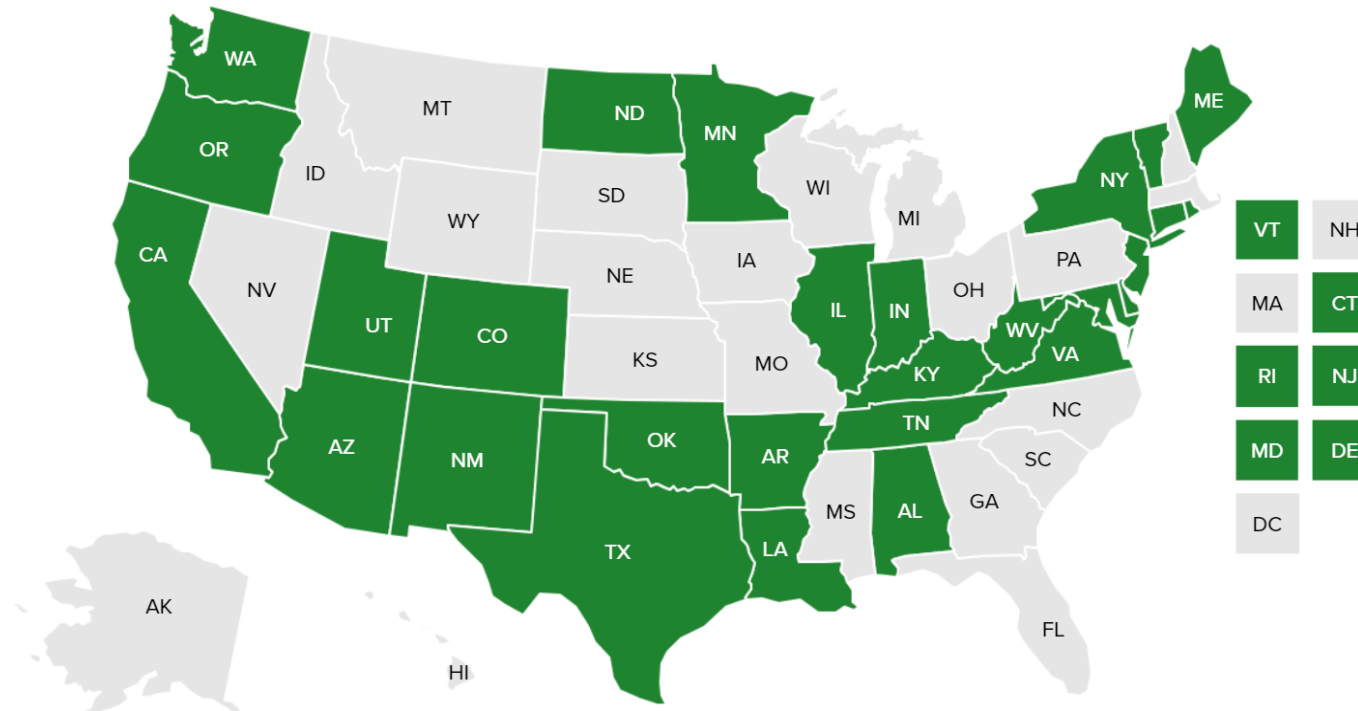
Number of Laws

53

Total Laws

28

Number of States



Source:NASHP



# State Laws Passed to Lower Prescription Drug Costs, 2017-2024: Volume Purchasing



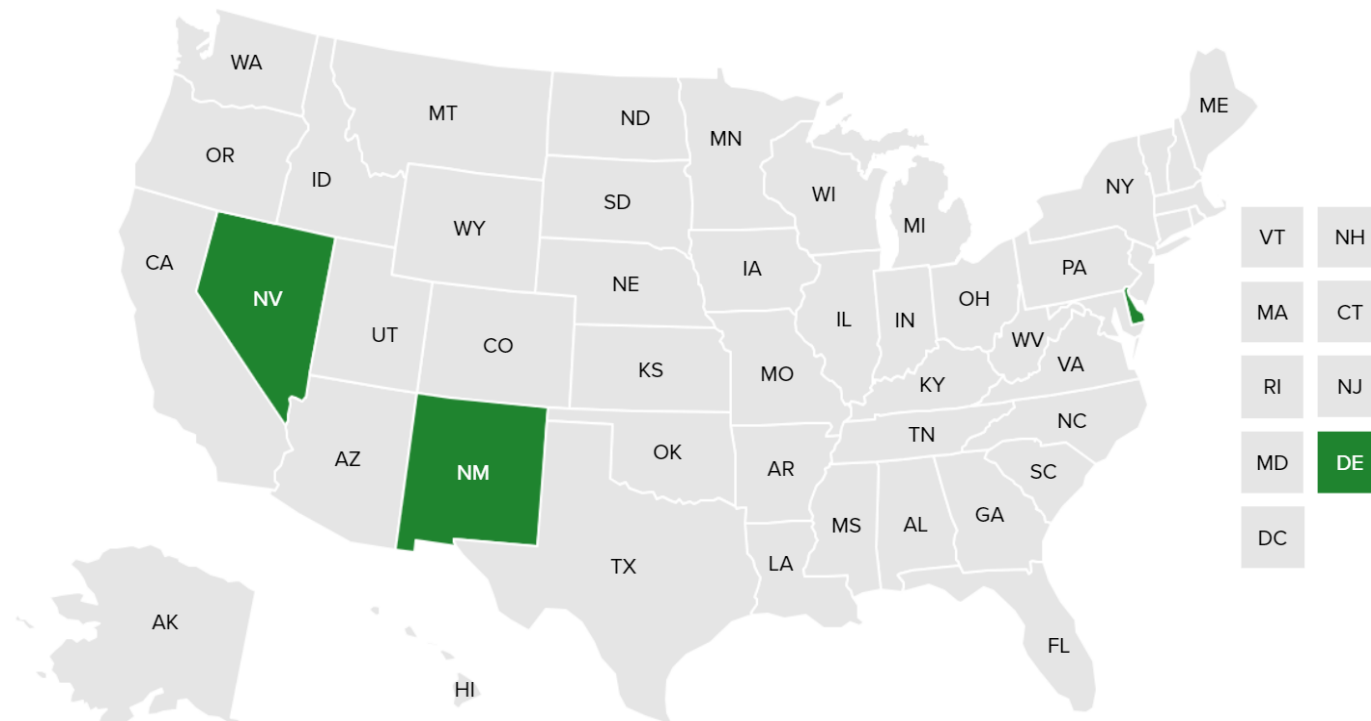
Number of Laws

3

Total Laws

3

Number of States

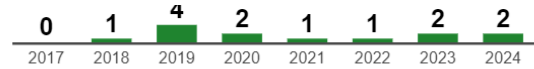


Source: NASHP





# State Laws Passed to Lower Prescription Drug Costs, 2017-2024: Importation



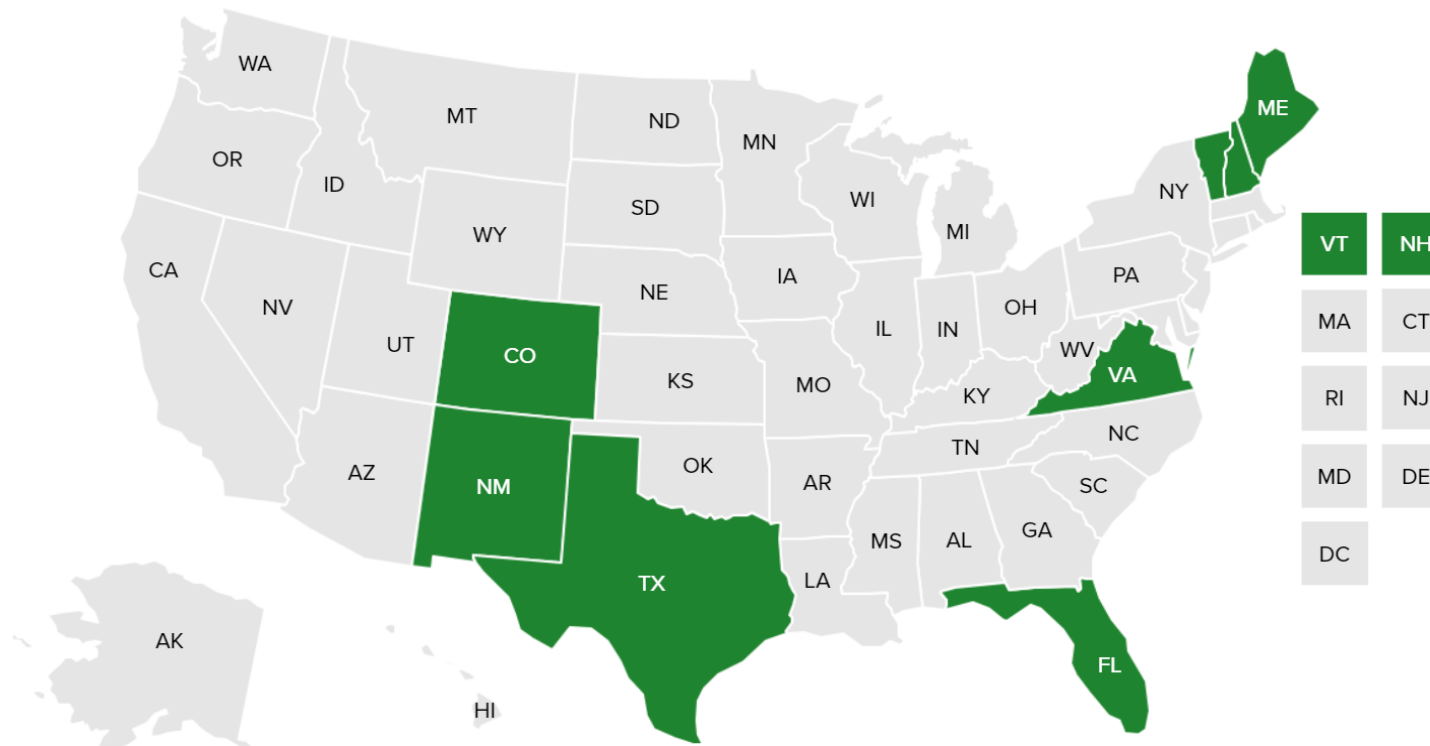
Number of Laws

13

Total Laws

8

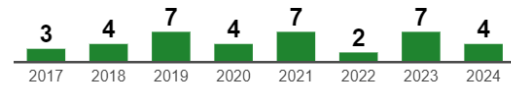
Number of States



Source: NASHP



# State Laws Passed to Lower Prescription Drug Costs, 2017-2024: Transparency



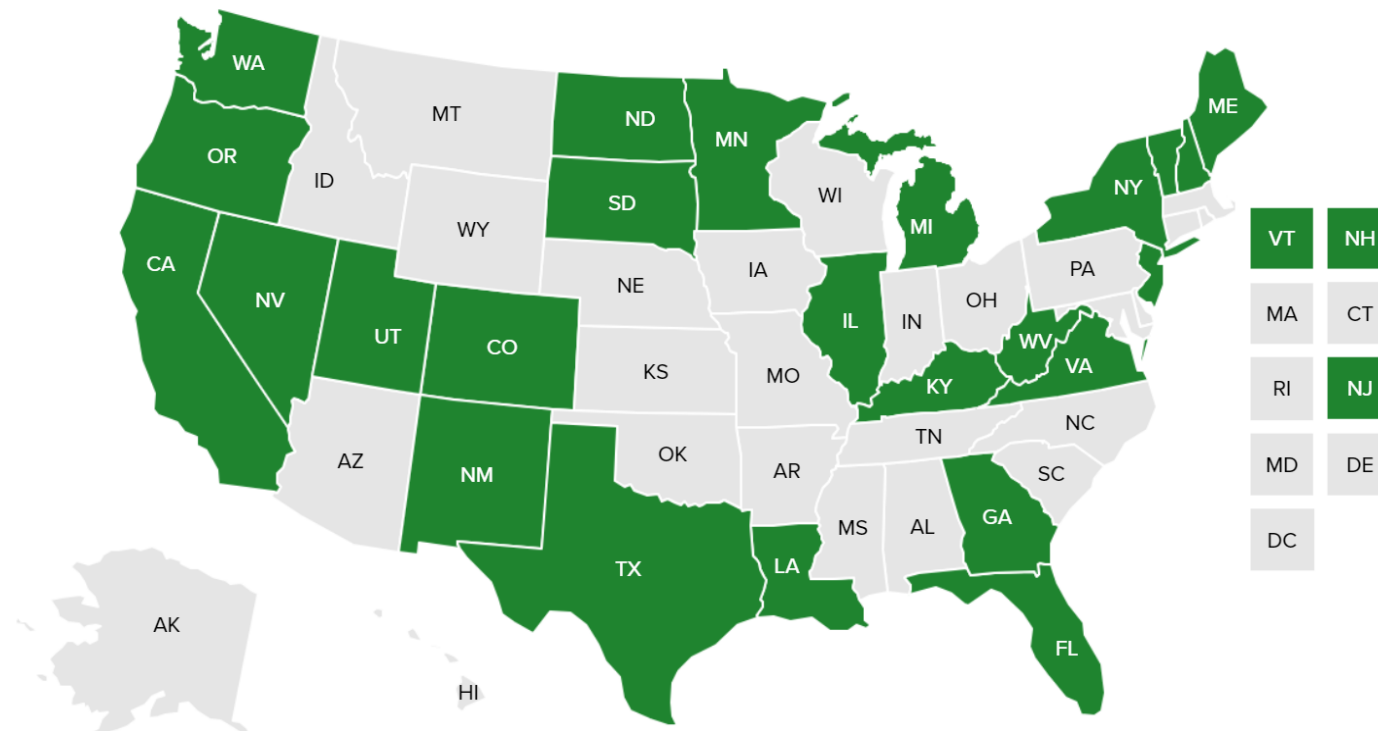
Number of Laws

38

Total Laws

24

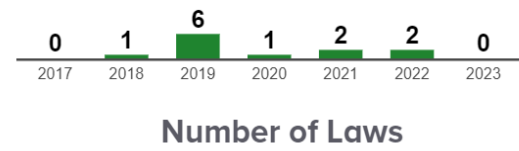
Number of States



Source: NASHP

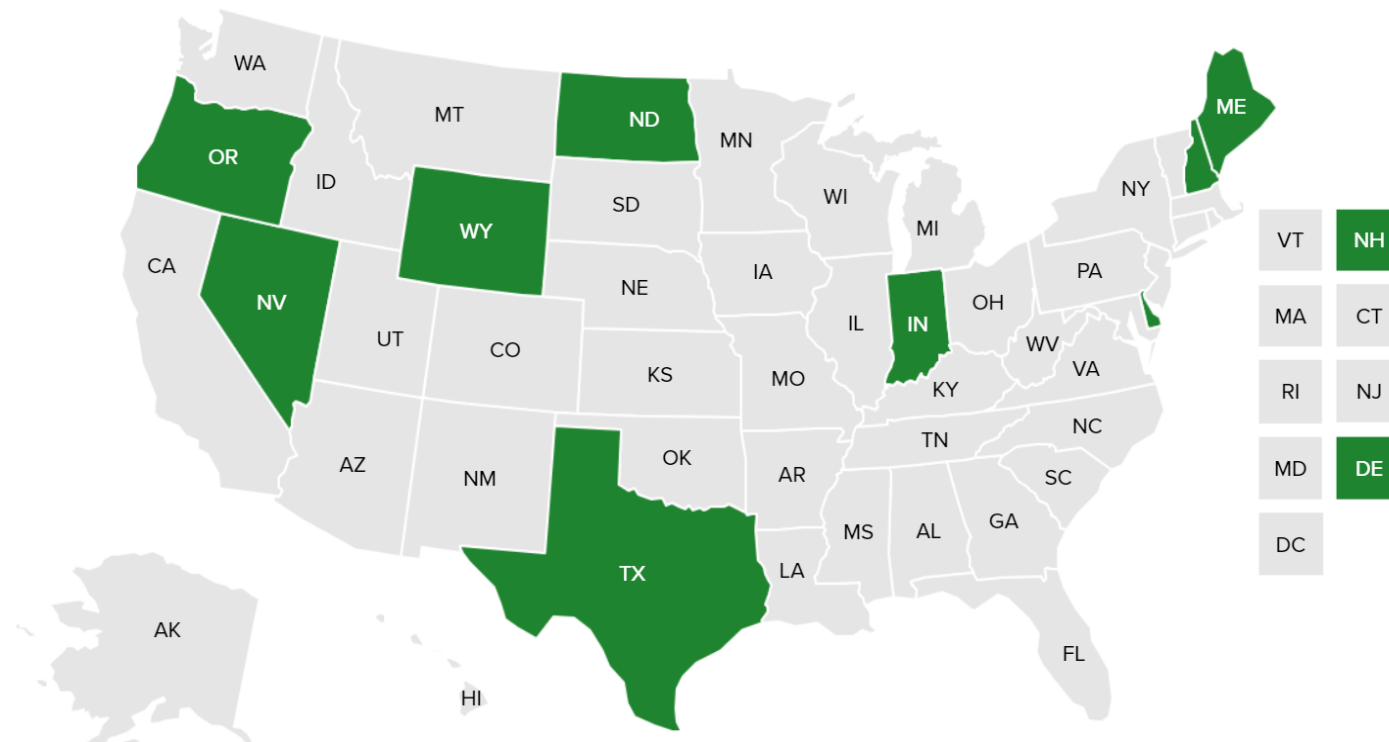


# State Laws Passed to Lower Prescription Drug Costs, 2017-2024: Study



12  
Total Laws

9  
Number of States



Source: NASHP



# States Across the Country Have Different Results in Costs from CY2019 - CY2023

State	Total % Change Cost/Script CY2019-CY2023	State Rank
CA	86.59%	51
LA	74.84%	50
NV	71.40%	49
NE	68.42%	48
MI	67.48%	47
OH	62.02%	46
MN	60.56%	45
KY	59.59%	44
DE	57.40%	43
MA	54.49%	42
IL	51.55%	41
MT	50.80%	40
NM	41.74%	33
KS	21.00%	10
RI	20.64%	9
GA	17.40%	8
TX	17.16%	7
AR	16.00%	6
IN	15.64%	5
NH	10.56%	4
SC	9.48%	3
OR	9.38%	2
MO	8.06%	1

Source: LFC Analysis of Medicaid PUF Files

- New Mexico ranks 33 when analyzing changes in the cost of prescriptions over the last 5 years
- States have taken different tactics to try to curb the trend for prescription drug costs while still allowing their citizens broad access to medications
- Each State may have had changes to their Medicaid populations over the years that could impact the rate of trend



*Medicaid PUF files exclude low volume prescriptions and prescriptions reimbursed through 340B. Data does not include rebates*

# Oregon Pharmaceutical Cost Containment Strategies

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- Established Prescription Drug Affordability Board, charged with annually identifying nine drugs and at least one insulin product that may create affordability challenges for healthcare systems or high out-of-pocket costs for patients.
- Required the Prescription Drug Affordability Board to develop a plan for establishing upper payment limits on drugs subject to affordability reviews.
- Capped the amount a carrier can require an enrollee to pay for a 30-day supply of insulin at \$75, or 90-day supply at \$225. The Department of Consumer and Business Services shall annually adjust the maximum cost by the percentage increase in the cost of living for previous year, based on changes in the Consumer Price Index.
- Required a health plan or pharmacy benefit manager (PBM) to include any amounts paid by the enrollee or on behalf of the enrollee when calculating an enrollee's overall contribution to any cost-sharing requirements if the drug does not have a generic equivalent or the drug has a generic equivalent and the enrollee has obtained prior authorization from the insurer or PBM.
- Prohibited a PBM from requiring a prescription to be filled by a mail order pharmacy as a condition for reimbursing the cost of the drug.
- Required a PBM to place a drug on a list of drugs for which maximum allowable costs have been established only if there are at least two multiple source drugs or at least one generic drug generally available for purchase as well.



# Oregon Strategies(continued)

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- Prohibited a health insurer or PBM to require an enrollee to obtain a covered clinician-administered drug from a pharmacy selected by the insurer or PBM, obtain a drug from a specific pharmacy, or assess higher cost-sharing amounts for drugs obtained from a pharmacy not selected by the insurer or PBM.
- Established a PBM shall submit any contract with a pharmacy services administrative organization to the Department of Consumer and Business Services.
- Required the health authority to study cost differences in pharmaceuticals used primarily by men and women.
- Required drug manufacturers to annually report prices of prescription drugs and costs associated with developing and marketing drugs to the Department of Consumer and Business Services.
- Required drug manufacturers to report any increase in the price of drugs at least 60 days before increase.
- Required pharmaceutical representatives to obtain a license. A licensed pharmacy representative cannot fail to disclose the wholesale acquisition cost of a drug or the availability of a generic alternative.
- Required the Oregon Health Authority to conduct a survey of retail pharmacy providers enrolled as Medicaid providers to determine the costs for dispensing drugs. If the survey indicated a change is needed in the professional dispensing fee reimbursement, OHA shall submit a request to CMS for a state plan amendment.



# Missouri Pharmaceutical Cost Containment Strategies

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- Prohibited a PBM from including a provision in a contract with a pharmacy or pharmacist that requires a covered person to make a payment for a prescription drug at the point of sale in an amount that exceeds the lesser of the copayment or the cash price. This measure also allows a pharmacist to provide a covered person cost sharing information and information about alternative medications.





# NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

## For More Information

- <https://www.nmlegis.gov/Entity/LFC/Default>
  - Session Publications – Budgets
    - Performance Report Cards
      - Program Evaluations

325 Don Gaspar – Suite 101  
Santa Fe, NM 87501  
505-986-4550





# Appendices

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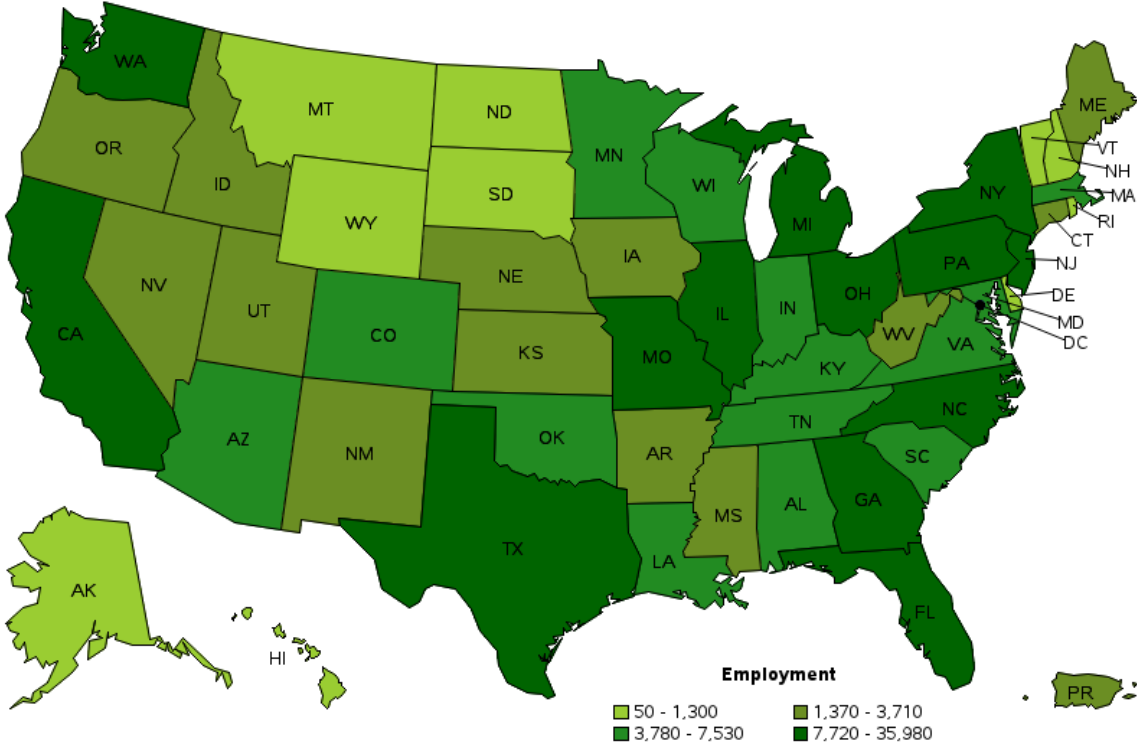


# Employment of Pharmacists, by State, 2023

NEW MEXICO EMPLOYMENT, 1,950  
EMPLOYMENT PER 1,000: 2.31  
ANNUAL MEAN WAGE: \$131,420

SOURCE: BUREAU OF LABOR STATISTICS

Employment of pharmacists, by state, May 2023



Blank areas indicate data not available.





# Employment of Pharmacists, by Area, 2023

ALBUQUERQUE AREA, 1,160

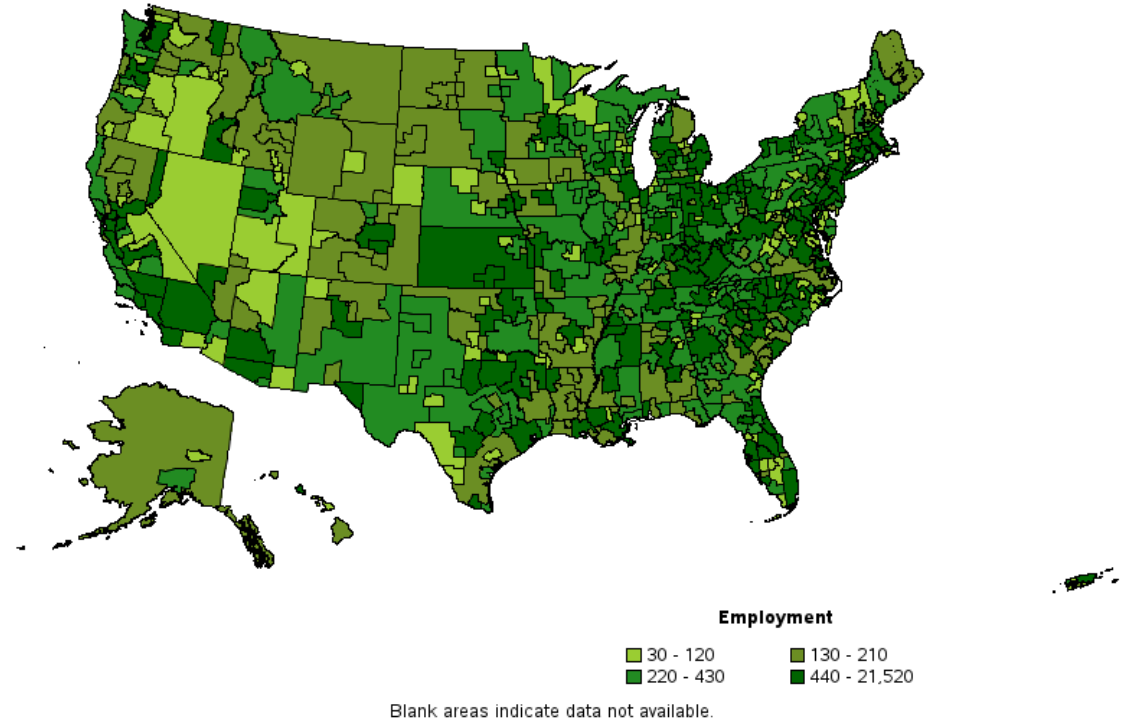
EASTERN NM, 240

NORTHERN NM AND LAS CRUCES, 130-160

FARMINGTON, 80

SOURCE: BUREAU OF LABOR STATISTICS

Employment of pharmacists, by area, May 2023



# Annual Mean Wage of Pharmacists, by Area, 2023

SANTA FE, \$136,100

EASTERN NM, \$135,050

ALBUQUERQUE AREA, \$130,960

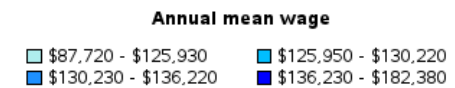
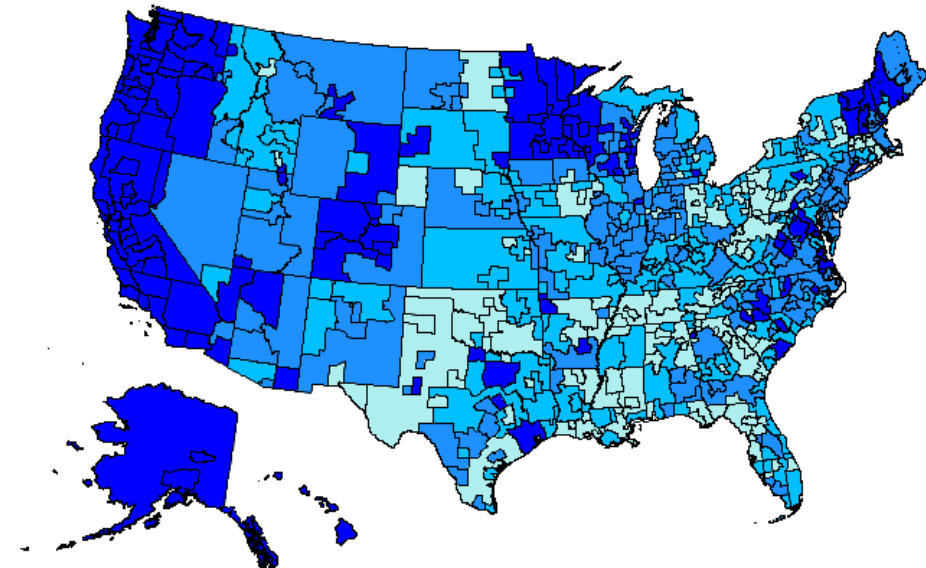
FARMINGTON, \$129,010

NORTHERN NM, \$127,560

LAS CRUCES, \$124,110

SOURCE: BUREAU OF LABOR STATISTICS

Annual mean wage of pharmacists, by area, May 2023



Blank areas indicate data not available.

