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## FISCAL IMPACT REPORT

SPONSOR: Knauer DATE TYPED: 02/01/01 HB HIM 22  
 SHORT TITLE: Study Rising Costs of Prescription Drugs SB \_\_\_\_\_  
 ANALYST: Wilson

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
		See Fiscal Narrative			

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Senate Bills 98, 143, 141, 142 , S.M. 9 and House Bills 2, 297, 298, 300 and 392

### SOURCES OF INFORMATION

Agency on Aging (A.A.)  
 Health Policy Commission (H.C.)

### SUMMARY

#### Synopsis

HIM 22 requests the Health Policy Commission conduct an in-depth study of the rising cost of prescription drugs in New Mexico. This study must include a targeted survey to consumers to identify populations affected by the rising cost, and an analysis of the cost and impact on access. Potential solutions must be presented to the Interim Legislative Health and Human Services Committee at its September 2001 meeting.

The recent Medicare managed care plan withdrawals left thousands of seniors without a prescription drug benefit. The purchase of Medi-Gap insurance plans remains one option, but unfortunately, these plans are not reasonably priced for the average senior. The rising cost of prescription drugs only adds to the dilemma, keeping thousands of seniors from purchasing their medication or settling for half or less the prescribed amounts.

### FISCAL IMPLICATIONS

The HPC reports there are unencumbered contractual funds in FY01. These funds, which were targeted for other projects, could be used for this study. Projects identified previously such as the

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updated analysis of health professional recruitment and retention issues, will be postponed or canceled.

The HPC says that the \$200,000 in HB 2 and SB 98 General Appropriation Acts for contractual services must be restored or they will not be able to comply with HJM 22 or other related health policy studies. The survey interview process alone may cost from \$60,000 to \$120,000, depending on survey type, precision of expected findings, and confidence in findings representing the entire state.

### **ADMINISTRATIVE IMPLICATIONS**

HPC staff will have to conduct the HJM 22 study and provide administrative support such as travel, postage and printing.

### **RELATIONSHIP**

Relates to:

SB 143, Prescription Drug Senior Program  
SB 141, Prescription Drug Fair Pricing Act  
SB 142, NM Drug Discount Act  
HB 297, Prescription Drug Discount Program  
HB 298, Indian Prescription Drugs  
HB 300, Prescription Drug Senior Program  
HB 301, Prescription Fair Pricing Act  
HB 302, Prescription Drug Program Seniors  
SJM 9, Prescription Assistance  
HB 2, Appropriations Act  
SB 98, General Appropriations Act of 2001

### **OTHER SUBSTANTIVE ISSUES**

- C Concerns that drug prices are high and rising.
- C Thousands of New Mexicans are without health insurance or coverage for prescription drugs and Medicare does not cover outpatient prescription drugs.
- C The uninsured pay the highest prices for prescription drugs.
- C No in-depth studies have been conducted in New Mexico to identify precisely the number of people without insurance coverage for prescription drugs.
- C The relationship between ill health and lack of prescription drug access remains unstudied.
- C Rising cost of prescription drugs may have a direct impact on the health and well-being of New Mexicans.
- C There is significant testimony from senior citizens and others that the high cost of prescription drugs causes them to forego necessary medical care.

DW/pr:ar