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FISCAL IMPACT REPORT

ORIGINAL DATE 2/1/07

SPONSOR Miera LAST UPDATED _____ HB 320

SHORT TITLE Prescription Drug Retail Price Info SB _____

ANALYST C. Sanchez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	\$20	\$20	\$20	\$60	Recurring	Pharmacy

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

House Bill 320 amends the Pharmacy Act, NMSA 1978, 61-11-15 by adding a new section that requires prescription drug retail price disclosure to a consumer or the attorney general.

The Bill:

- Requires an owner of a pharmacy to provide the current retail price for a prescription drug to the attorney general or consumer when requested by telephone, electronic device or otherwise;

- Allows the owner up to five days to provide the information when the consumer requests the retail price of more than 5 drugs;
- Requires the consumer, with valid prescriptions for the drugs, to submit pricing requests for more than 5 drugs in writing;
- Limits requests from consumers to no more than three separate requests to the owner for more than five prescription drugs within a six-month period;
- Defines “current retail price” as the cash price for a prescription drug charged to a consumer who has no prescription drug coverage.

FISCAL IMPLICATIONS

The Pharmacy Board will likely receive complaints from consumers or the Attorney General when they believe the information was not provided when requested, or the information provided by the owner of the pharmacy was incorrect.

Complete investigations and prosecutions, from start to finish, cost approximately \$1,000. This HB 320 will probably generate at least 20 new investigations per year resulting in costs to the Board.

SIGNIFICANT ISSUES

Many pharmacies already provide pricing information to consumers as a marketing service.

The current retail price as defined is subject to change. The owner of a pharmacy may not realize a price change until a prescription is actually processed. The wholesale price of pharmaceuticals varies day to day based on supply and demand. When a drug is out of stock at the primary wholesaler, the owner typically will pay a premium for acquiring the drug from secondary wholesalers. Often, the price in the computer maintained by the pharmacy does not reflect the increase.

PERFORMANCE IMPLICATIONS

Some pharmacies (especially chains) do not have direct email capabilities. They have internal information systems and their firewalls often block external communications. Almost every pharmacy has a facsimile machine. Electronic communication with pharmacies is limited because of the privacy concerns for patient records.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Prescription drug retailers will not be required to disclose current retail price to consumers.