F I S C A L I M P A C T R E P O R T

SPONSOR Bratton **ORIGINAL DATE** 2/2/07 **LAST UPDATED** **HB** 566

SHORT TITLE Generic Drug Prescription Authorization **SB**

ANALYST C.Sanchez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	None	$20.0	$20.0	$40.0	Recurring	Pharmacy

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Medical Board
Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

House Bill 566 proposes to amend the Drug Product Selection Act to add language requiring that a pharmacist personally receive authorization from a patient's treating physician prior to substituting a lower-cost generic or therapeutically equivalent medication

FISCAL IMPLICATIONS

The Pharmacy Board would receive complaints based on substitutions where the pharmacist did not personally receive authorization from the attending physician. The Regulation and Licensing Department estimate at least 20 new investigations each year with each investigation costing approximately $1,000 to complete and prosecute.

SIGNIFICANT ISSUES

HB 566 would enhance protections for patient health and safety by requiring that a patient's treating physician personally authorize any medication substitutions. There are a variety of economic factors that come into play around prescription medications, including the formularies established by insurance providers and patients' ability to afford higher cost drugs. Physicians

are well aware of these economic issues, and make every effort to prescribe medication that is on the patient's insurance formulary or is affordable out-of-pocket. Clearly, there is little medical value in prescribing a specific drug that the patient will be unable to access. However, only treating physicians can make the final judgment about which medication is most appropriate for their patient – only the treating physician knows the full details of the patient's medical history and current condition(s), and it is the treating physician who will be held accountable for the success or failure of the prescribed treatment.

ADMINISTRATIVE IMPLICATIONS

The Pharmacy Board would see an increase in investigations

TECHNICAL ISSUES

Physician is no longer a term used in the Drug Device and Cosmetic Act. The correct term is "licensed practitioners" which includes any practitioner authorized under New Mexico laws to prescribe dangerous drugs (prescription drugs).

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo

POSSIBLE QUESTIONS

Would most Pharmacists comply with this law?

CS/mt