

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 3/12/09

SPONSOR Garcia, M.J. LAST UPDATED _____ HB _____

SHORT TITLE Study Medication Co-Payment Disparities SM 72

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$0.1 minimal			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

Senate Memorial 72 proposes that DOH identify the disparity in patient co-payments between orally and intravenously administered medications, study the reasons for the disparity and report its findings to the Legislative Health and Human Services Committee by September 2009.

The memorial provides for the following:

- The emergence of clinically proven safe and effective orally and intravenously administered medications has significantly increased treatment options for patients;
- Doctors have significantly improved the care of patients by using both orally and intravenously administered medications;
- Greater patient out-of-pocket cost creates a barrier for orally administered medications;
- Medical benefits distinguish between prescription pharmaceuticals and medical treatments;
- Intravenously administered medications are typically covered by medical treatment benefits and require only an office visit co-payment, but orally administered medications are typically covered by prescription drug benefits and require a significant co-payment to fill the prescription at a pharmacy.

FISCAL IMPLICATIONS

DOH would need to redirect staff and resources to complete the study and publish a report of findings. DOH may need to consult with HPC, HSD and the Board of Pharmacy to gain access to data that may be required to produce a thorough report.

HPC notes that there are numerous factors that determine health care coverage benefits and prescription drug benefits. Co-payments for medical treatment vary for health plans just as co-payments for prescriptions differ by prescription plans.

DOH notes that the memorial provides that both types of medication delivery systems are equally effective, but co-payments are higher for oral medications than intravenously administered medications. Oral medications are typically covered by Prescription Drug Benefits that require a significant co-payment when the prescription is filled. The same medication delivered by intravenous route often requires an office visit co-payment that is less than the co-payment for the oral preparation.

SIGNIFICANT ISSUES

DOH further notes that several issues could be addressed in the report including:

- A cost comparison of most prescribed medications that could be obtained at an office visit versus oral medications usually obtained at local pharmacies;
- The frequency of administration and the half-life of each drug;
- The extent to which medications are available in both preparations; and
- The costs that patients might realize in addition to co-payments for each type of administration route, including convenience.

PERFORMANCE IMPLICATIONS

DOH is required to publish a report outlining the causes of the patient co-payment disparity between orally and intravenously administered medications and present the findings of its study to the Interim Legislative Health and Human Services Committee by September of 2009.

ADMINISTRATIVE IMPLICATIONS

DOH will provide staff and resources in order to complete the study and publish its findings.

ALTERNATIVES

DOH reports that HPC has done several memorial studies on prescription drugs and may be a more appropriate choice to conduct the study.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

DOH would not be required to study nor identify the disparity in patient co-payments between orally and intravenously administered medications.