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## FISCAL IMPACT REPORT

ORIGINAL DATE 3/14/09

SPONSOR Garcia, M.J. LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Study Medication Co-Payment Disparities SM 89

ANALYST Hanika-Ortiz

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

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

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

Senate Memorial 89 proposes that DOH identify the disparity in patient co-payments between orally and intravenously administered anticancer and chemotherapy 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 anticancer medications has significantly increased treatment options for patients;
- Oncologists have significantly improved the care of patients by using both orally and intravenously administered chemotherapy medications;
- Greater patient out-of-pocket cost creates a barrier for oral anticancer therapies covered under the pharmacy benefit of a health care plan; and
- Intravenously administered anticancer medications are typically covered under a health care plan's medical benefits and require only an office visit co-payment, but orally administered chemotherapy medications are typically covered by the prescription drug benefit and require significant co-payment or coinsurance 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.

Co-payments for medical treatment vary for health plans just as co-payments for prescriptions differ by prescription plans.

The memorial provides that co-payments are higher for orally administered than intravenously administered anticancer 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**

Several issues could be addressed in the report including:

- a cost comparison of most prescribed anticancer 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 anticancer 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**

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 or identify the disparity in patient co-payments between orally and intravenously administered anticancer medications.