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

SPONSOR Armstrong, D/ Roybal Caballero/Ferrary/ Trujillo, CH/ Trujillo, L **ORIGINAL DATE** 2/10/17 **LAST UPDATED** 3/03/17 **HB** 284/aHJC

SHORT TITLE Health Coverage for Contraception **SB**

ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to similar Senate Bill 347.

SOURCES OF INFORMATION
LFC Files

Responses Received From
Office of the Superintendent of Insurance (OSI)
Human Services Department (HSD)
Department of Health (DOH)

SUMMARY

Synopsis of Amendment

The amendment redefines "medical necessity" as it applies to contraceptive prescription, making it possible for the following considerations to be taken into account: severity of side-effects, permanence or reversibility of a given method of contraception, and ability of the person receiving the prescription to use the method appropriately. Practitioners prescribing the contraceptive method would be the ones determining when medical necessity should be invoked.

Synopsis of Original Bill

House Bill 287 adds a new section to the Health Purchasing Act that would require coverage for contraceptive medications and procedures. This would include a selection of oral contraceptives to represent the variety that have been approved by the Federal Drug Administration (FDA). Clinical services related to the provision of contraception, including patient education, the services attendant upon insertion and removal of contraceptive devices and the care of side-

effects of the method used would also be covered. The bill would prohibit cost-sharing (co-pays or coinsurance) and the imposition of barriers, such as utilization review and step therapy, in the provision of the contraceptive method. A comprehensive list of types of contraception in use in the United States is a part of the definitions in the bill. Long-acting reversible contraception (implanted contraceptive or intrauterine device), operative methods such as vasectomy and tubal ligation, condoms and emergency contraception are among the methods including in the definition of "contraceptive methods identified by the FDA."

Generic substitution within the same contraceptive class would be permitted, but if a health care provider determined that a particular item or service was medically necessary, that item or service would have to be provided without cost-sharing. A method for a patient to appeal an adverse decision from the health insurance provider is specified.

If prescribed by the health care provider, three months of contraceptive medication on the initial fill would be covered by the health insurer; after the first, the insurer would need to cover a 12 month prescription, again if the health care provider prescribed it that way. But a provider would not be forced to write a prescription to cover for these periods of time. Insurers could not deny payment for a new prescription for contraceptives even if the supply of a previous one had not been exhausted. Patient choice of prescription method could not be dictated by the insurance carrier.

Similar or identical requirements are made for each type of health insurance, as indicated in the table below:

Section of HB 287	Type of insurance covered
1	Group health coverage, including self-insurance, issued or renewed through the Health Care Purchasing Act
2	Medicaid (language more restricted than in the other sections)
3	Individual or group health insurance policies, health care plans, and certificates of insurance
4	Individual or group health maintenance organization

Religious entities that offered individual or group health maintenance organization coverage to employees would be permitted to refuse to cover contraceptive drugs or devices.

SIGNIFICANT ISSUES

OSI notes that "This legislation largely codifies the Affordable Care Act's contraception mandate and the federal Health and Human Services Health Services and Resources (HRSA) guidelines that have been in place since 2012. Many of the bill's provisions do not change health insurer's current responsibilities to provide cost-sharing free contraception and related clinical services. Accordingly, OSI staffing needs will not be impacted this legislation as OSI's compliance and enforcement teams already enforce these mandates. This bill would continue the ACA's current contraception mandate should Congress repeal or significantly alter the current structure of cost-sharing free contraception coverage."

DOH calculates that almost 300,000 women in New Mexico are at risk of unintended pregnancies which "increase the risk for poor maternal and infant outcomes." Nationally, the Guttmacher Institute calculates that every dollar spent on family planning activities results in

seven dollars in medical care expenditures averted. DOH further adduces evidence that provision of a twelve-month supply of contraceptives is cost effective, with shorter durations of prescription availability contributing to unwanted pregnancies at a higher rate.

With respect to long-acting reversible contraceptive methods (LARCs), the implantable hormone-impregnated rod, Nexplanon®) and the intrauterine device, a statewide effort to provide LARC to Colorado women, funded by a philanthropist, showed a 40 percent reduction in unplanned births as well as a 42 percent reduction in abortions.
HSD notes that it believes that "Medical Assistance managed care organizations already comply with these provisions [in the bill]. However, even if some changes were necessary on their part, there would still be no [negative] financial impact because of the overall cost effectiveness of the provisions in the bill."

ADMINISTRATIVE IMPLICATIONS

HSD states that it could assure compliance with the Centennial Care medical care organizations as part of HSD's normal scope of work.

TECHNICAL ISSUES

Section 2, dealing with the medical assistance program does not make all the same requirements as the other sections.

Subsections A3 in each section other than Section 2 specify that, among other clinical services to be covered, "device insertion and removal" is to be covered. However, there is no specific mention that the device itself would be covered, and these are expensive. Drugs.com gives the price of Nexplanon®, the currently available implantable contraceptive as $825; intrauterine devices can cost as much as $1000, quite apart from the charge for inserting the device.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Repeal or changes to the Affordable Care Act might restrict some women's access to contraceptive services, resulting to an increase in unplanned pregnancies and the costs attendant on that.

LAC/jle/al/jle