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 and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov).

FISCAL IMPACT REPORT

		ORIGINAL DATE	1/24/2020		42/aHHHC/
SPONSOR	Armstrong, D.	**LAST UPDATED**	2/19/2020	**HB**	aHFl#1/aHFl#2

SHORT TITLE Pharmaceutical Service Reimbursement Parity **SB**

ANALYST Chilton

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Office of the Superintendent of Insurance		Minimal	Minimal	Minimal	Recurring	General Fund
General Services Department		Uncertain, likely minimal	Uncertain, likely minimal	Uncertain, likely minimal	Recurring	General Fund
Human Services Department		$190.0	$190.0	$380.0	Recurring	General Fund, for Medicaid
		$481.0	$481.0	$481.0	Recurring	Federal Funds
Total All Funds		$190.0	$190.0	$380.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Near duplicate of 2019 HB578, as amended

SOURCES OF INFORMATION
LFC Files

Responses Received From
Office of the Superintendent of Insurance (OSI), revised 2/18/2020
Human Services Department (HSD)
Department of Health (DOH)
General Services Department (GSD)

No Response Yet Received This Year, but Responded to 2019 HB 578:
University of New Mexico Health Sciences Center (UNM HSC)
Albuquerque Public Schools (APS)
New Mexico Medical Board (NMMB)
NM Public School Insurance Authority (NMPSIA)
Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of HFl#2 Amendment

House Floor Amendment 2 strikes language in each section of the bill that would have prohibited an insurer from "discriminat[ing] with respect to reimbursement…against a provider" who is a certified pharmacist clinician or prescribing pharmacist, but leaves untouched the requirement that that pharmacist clinician or prescribing pharmacist be paid the same rate for his/her services as other health care providers.

Synopsis of HFl#1 Amendment

House Floor Amendment 1 adds language to each section of the bill to modify "certified pharmacist clinician or pharmacist certified to provide a prescriptive authority service" with the words "participating provider", indicating that the pharmacist would need to be part of the insurer's network to be reimbursed at the same rate as other medical providers. The amendment also adds the same language into each section of the bill indicating that the insurer's "standard contracted rate" will be paid to all contracted providers, including pharmacist clinicians and pharmacists certified to prescribe.

Synopsis of HHHC Amendment

The House Health and Human Services Committee amendment replaces the words "Group Benefits [Act]" with "Health Purchasing [Act]" in several locations, responding to concern raised in OSI's response to this bill:

> The legislation refers to a "Group Benefits Act," which only applies to state employees and does not contain references to plan contents or benefits. The sponsor may want to change the reference to the Health Care Purchasing Act at N.M.S.A. 1978, § 13-7-1 et seq. to include additional public employee groups usually covered by statutory coverage mandates.

Synopsis of Original Bill

House Bill 42, Pharmaceutical Service Reimbursement Parity, would require all insurance programs to reimburse certified pharmacist clinicians and pharmacists certified to prescribe medications for providing medical services within the scope of their licenses at the same level as other covered providers such as physicians or physician assistants.

The various sections of the bill make the same requirements of different types of health insurance products, as indicated below:

Bill Section	Type of Insurance Product	Reference to statute
1	Group health plans	Chapter 59A, Article 23E NMSA 1978
2	Medical assistance plans	Public Assistance Act, Chapter 27, Article 2, NMSA 1978
3	Individual health policies, health care plans, or certificates of health insurance	Chapter 59A, Article 22, NMSA 1978
4	Group or blanket health insurance policy, health care plan or certificate of insurance	Chapter 59A, Article 23 NMSA 1978
5	Individual or group health maintenance organization contract	Health Maintenance Organization Law, Chapter 59A, Article 46 NMSA 1978
6	Nonprofit healthcare plans	Nonprofit health care plan law, Chapter 59A Article 47 NMSA 1978

FISCAL IMPLICATIONS

OSI, taking into account the amendments, revised its estimate to “minimal impact.”

HSD indicates costs would accrue to Medicaid, both to state funds and to the matching federal funds (currently approximately 71 percent):

> The Human Services Department (HSD) currently reimburses for PhC services directly to the supervising physician at the physician’s billed rate; therefore, HSD does not anticipate a fiscal impact as a result of the reimbursement parity requirement for PhCs.
>
> For pharmacists with prescriptive authority, HSD currently pays incentive fees to pharmacies for providing naloxone kits and immunizations. HB42 would require parity of reimbursement for all services provided by a pharmacist with prescriptive authority to equal what a physician, PA, or NP would be paid for the same service; therefore, it is expected that there would be a fiscal impact as a result of higher reimbursement required by the bill. For example, HSD projects that reimbursement for naloxone distribution at the pharmacy would increase from the current rate of $37.50 to the rate that would be paid to a physician for a similar service (e.g., 15-minutes of face-to-face time), which is $65.66.
>
> In calendar year 2018, pharmacies dispensed 481 claims for naloxone, totaling approximately $18 thousand in incentive payments. If these claims were paid at the physician rate for a 15-minute visit, the total cost to HSD would be approximately $32 thousand – or a $14 thousand increase over current payment levels.
>
> Incentive fees paid to pharmacies for administering vaccines are paid at the same rate as the physician rate under the current Medicaid reimbursement structure, so there would not be a fiscal impact for reimbursing pharmacists at the physician rate to provide vaccinations.

There are some additional services (specifically tobacco cessation, hormonal contraceptives, and tuberculosis testing) that can be performed by pharmacists with prescriptive authority that are not currently reimbursed by HSD but for which Medicaid payment would be required by the bill. HSD estimates that there would be a total of 10 thousand additional service claims that would be paid at the physician rate. Using the Medicaid payment rate to a physician for a 15-minute visit ($65.66), the estimated fiscal impact for providing reimbursement for these services would be $657 thousand total (approximately $186 thousand from the state general fund).

Altogether, the total fiscal impact to HSD as a result of the bill is estimated to be $671 thousand, of which approximately $190 thousand would be from the State General Fund. The two types of advanced practice pharmacist providers and the fiscal impact of HB 42 for each are summarized in the table below:

Pharmacist Provider Type	Pharmacist Clinician (PhC)	Pharmacist with Prescriptive Authority
Current Medicaid Reimbursement	Paid to the supervising physician at the physician's billed rate.	Incentive fees paid to the dispensing pharmacy for naloxone kits and immunizations.
HB42 Reimbursement	Would be paid directly to the PhC at the physician rate.	Would be paid at the physician rate based on time spent with the patient or the complexity of the service.
Projected Fiscal Impact	$0	$671,000 total ($190,000 in State General Funds)

GSD comments on possible increased costs to that agency, as follows:

HB42 will have a fiscal impact on the Risk Management Division's group health benefits plan. Rates are negotiated at the time the contract for services is initiated (and annually, as necessary). Rate parity will subsequently increase claim payments for the self-funded health plan.

If the pharmacists' reimbursement is more than previously-negotiated contract amounts, the self-funded health plan will be responsible for additional expenses. About 80% of the state's self-insured plan currently uses home delivery for pharmaceuticals. If required to use physical pharmacies, plan cost will increase further.

SIGNIFICANT ISSUES

Currently it appears that certified pharmacist clinicians and other pharmacists with prescriptive authority are not being paid for their services by most insurance plans of all types in New Mexico. As these advanced practice pharmacists have the potential to alleviate to some degree the medical provider shortage endemic to New Mexico, lack of reimbursement is an impediment to their being able to do so.

As noted by DOH, certain pharmacists (estimated to include 250 of the 1,800 currently

practicing in New Mexico) and prescribe certain medications (hormonal contraception, emergency contraception, tobacco cessation medications, naloxone) and give immunizations. In so doing, DOH notes that "the intent of these expanded roles for pharmacists is to address a shortage of primary care providers in New Mexico." In addition, expanded pharmacists roles "may help supplement revenue enough to support a pharmacy in a community that would not be sufficient based on prescription volume alone."

With regard to the similar 2019 House Bill 578, the Regulation and Licensing Department (RLD), commented that

> Pharmacists are the most accessible health care providers, and are able to significantly improve patient care and outcomes, but the lack of reimbursement for these services serves as a disincentive. Pharmacists are able to prescribe vaccinations, emergency contraception, tobacco cessation, tuberculosis testing, naloxone, and hormonal contraception. A pharmacist performing these services is reimbursed for the cost of the drug rather than for the service provided, but reimbursement for consult services will encourage more pharmacists to perform these services. Because New Mexico is a rural state, this could encourage pharmacists to move to more rural communities.
>
> A pharmacist clinician, under a supervising physician and collaborative practice protocol approved by the Board of Pharmacy and Medical board, is able to provide direct patient care services. The pharmacist clinician's specialized training and pharmacotherapy expertise are a great resource for the health and safety of New Mexicans, with potential for significant health care system cost savings through optimized therapy, treatment, and prevention of adverse drug-related outcomes. Lack of pharmacist reimbursement is a major impediment to pharmacist clinician practices.

In the same vein, UNM HSC commented with regard to 2019 HB 578

> The Association of American Medical Colleges (AAMC) estimates that by 2020, the U.S. will have 91,000 fewer primary care physicians than will be needed to meet anticipated demand. Advanced Practice Pharmacists (APPs) represent a well-trained, accessible health professional resource that can serve to help alleviate the gap in care from the primary care provider shortage. Pharmacists are the third largest health profession in the U.S. with over 300,000 licensed pharmacists. Pharmacist graduates in New Mexico require a minimum of 3 years of undergraduate training followed by completion of four professional years of training earning the Doctor of Pharmacy (PharmD) degree.

Other jurisdictions that have passed similar legislation include Washington (SB5557), Tennessee (SB461 and SB628), Wisconsin (SB251), and Ohio (SB265). Nationally, H.R. 592/S.109, the *Pharmacy and Medically Underserved Areas Enhancement Act* was introduced into Congress several years ago and had over 260 co-sponsors in the U.S. House of Representatives and multiple sponsors in the Senate.

DUPLICATE of 2019 House Bill 578, as amended in the House Health Committee.

OTHER SIGNIFICANT ISSUES

HSD notes possible conflict with state law (NMSA 1978 61-11B-3. Pharmacist clinician

prescriptive authority) indicating the need for "practitioner" involvement in a pharmacist clinician's prescribing.

In addition, HSD notes that "the Medicaid program has instituted some reimbursement limitations for PhCs providing surgical services. A PhC acting in the role of a surgical assistant is currently reimbursed at 20 percent of the allowed primary surgeon amount. It is unclear whether HB42 would require parity of reimbursement in this context, which would mean that the supervising surgeon and the PhC be paid at the same amount for a single surgical service."

LAC/al/sb/rl/al/rl