

<b>LFC Requester:</b>	<b>Eric Chenier</b>
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**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

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*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 2/21/25 *Check all that apply:*  
**Bill Number:** SB508 Original  Correction   
 Amendment  Substitute

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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) indicate revenue decreases)

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

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$0	\$90-\$290	\$280-\$990	\$370-\$1,280		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Amending and enacting new sections of the Health Care Purchasing Act, The Public Assistance Act, and The New Mexico Insurance Code to require coverage for certain sexual, reproductive, and gender-affirming health care services. Eliminating cost sharing and prior authorization requests for certain sexual, reproductive and gender-affirming health care services.

##### Section 1:

Provide coverage for and shall not impose any cost-sharing requirements for:

- i. Items or services that have in effect a rating of “A” or “B” in the current recommendations of the U.S. preventative services task force.
- ii. Immunizations that have in effect a recommendation from the advisory committee on immunization practices of the federal centers for disease control and prevention.
- iii. Preventative care and screenings provided for infants, children, and adolescents outlined by the health resources and services administration of the U.S. Department of Health and Human Services.
- iv. Additional preventive care and screenings for women as outlined by subsection A of Section 1, and the health resources and services administration of the U.S. Department of Health and Human services.

##### Section 2:

Provide coverage for the total cost of abortion care and will not be subject to cost sharing. The only exception would be a high deductible health plan, until an eligible insured’s deductible has been met.

##### Section 3:

Establish a special enrollment period to provide coverage to an uninsured person when they are pregnant, provided they have verification of pregnancy from a healthcare provider. Coverage would be effective before the end of the first month when the uninsured person receives certification of the pregnancy, unless the uninsured person elects to have an effective date after a plan is selected.

##### Section 4:

Providing coverage for gender affirming care, which is a procedure, service, drug, device or product that a physical or behavioral health care provider prescribes to treat an individual suffering from gender dysphoria. The only exception would be under a high deductible health plan until the eligible insured’s deductible has been met, unless allowed per federal law.

##### Section 5:

Prescription drugs at minimum would cover at least one product or form of contraception in each of the contraception categories as outlined by the FDA. Oral contraceptive coverage would reflect a sufficient variety of those available for use. Clinical services related to the use of contraception, such as consultations, examinations, procedures, ultrasound, anesthesia, patient education, counseling, device insertion and removal, follow up care and side effects management would also be covered. These coverages would not be subject to cost sharing, utilization review,

prior authorization or step therapy requirements, or any other restrictions or delays in coverage.

A group health plan can discourage brand name pharmacy drugs or items by applying cost sharing to brand-name drugs or items when at least one generic or therapeutic equivalent is covered within the same method of contraception, and without cost sharing. Brand name drugs may be covered without cost sharing when they are medically necessary, such as severity of side effects, differences in permanence or reversibility, and the ability to adhere to the appropriate use, as determined by the healthcare provider. Additionally, a health plan administrator shall grant an enrollee an expedited hearing to appeal any adverse decision regarding prescription drugs. Requesting this hearing shall be accessible, transparent, expedient and not unduly burdensome.

Coverage and reimbursement would be provided for a health care provider on a per unit basis for dispensing a 12 monthly supply of contraceptives. Health care providers should not be required to prescribe a six-month supply of contraceptives at one time. Health plans shall not limit coverage or impose cost sharing for alternative methods of contraception if an enrollee changes methods before completing a previous supply, and a health plan shall not require a prescription for any drug or item that is available without a prescription. These provisions shall not apply to short-term travel, accident only, hospital-indemnity-only, limited-benefit or disease specific group health plans.

#### Section 6:

Section 27-2-12.29 NMSA 1978 is amended: “department” to “authority”. Additionally, nothing in this statute shall be construed to require a health care provider to prescribe twelve months of contraceptives at one time, permit the authority to impose any restrictions or delays on coverage if the practice would result in a covered person receiving less than a twelve months’ supply of contraception. The authority shall not limit coverage or impose costing sharing for an alternative method of contraceptive, limit the quantity of contraceptive drugs or devices dispensed, or deny coverage for the continuous use of clinically appropriate contraception as determined by the prescribing provider.

#### Section 7:

When family planning services or family planning related services are utilized, the authority shall authorize reimbursement for services without quantity limitation, utilization controls or prior authorization, and the authority shall reimburse the provider of these services. When abortion care services are provided, providers shall be reimbursed as distinct, non-bundled procedural services and shall allow modifier codes.

#### Section 8:

The authority shall ensure lactation support is provided. Lactation support includes single user lactation supplies, equipment and comprehensive lactations support services provided by a lactation care provider, as well as access to multi-user loaned breast pumps, authorized by a health care provider.

## **FISCAL IMPLICATIONS**

SB508 has several coverage implications for NMPSIA, which we have evaluated separately:

- Abortion Services Coverage: NMPSIA will be required to cover abortion services without cost-sharing.
- Gender-Affirming Care Coverage: NMPSIA will be required to cover gender-affirming care without cost-sharing.
- Special Enrollment Period for Pregnancy: This provision of the bill is outside of NMPSIA’s Rules and Regulations 6.50.1-18 NMAC. The bill establishes a special enrollment period for pregnancy, allowing eligible non-participating employees, spouses, or dependents to enroll in health coverage upon becoming pregnant.

The overall cost impact has been detailed above. Specific cost components for each section of the bill are detailed in the "Significant Issues" section below.

It is important to note that several provisions in SB508 do not introduce additional costs to NMPSIA, as they mandate coverage for services that NMPSIA already provides without cost-sharing or as a standard benefit. For example, preventive services are already covered at no cost-sharing in-network under the Affordable Care Act. Therefore, only the provisions of SB508 that introduce new cost implications for NMPSIA are analyzed below.

NMPSIA is still analyzing cost impacts to no-cost sharing for ultrasound clinical services related to use of contraception. An amended analysis will be submitted upon completion of analysis.

## **SIGNIFICANT ISSUES**

Our analysis of SB508 is based on several key assumptions and considerations:

- Federal Mandates and Legal Implications: We did not assess potential costs, taxes, or legal implications associated with implementing health benefits that differ from federal mandates.
- Existing Coverage Under Federal and State Law: Certain provisions of the bill mandate coverage for services that NMPSIA already provides at no cost to members under the Affordable Care Act or other federal and state regulations. These include no-cost coverage of contraception, screenings endorsed by the U.S. Preventive Services Task Force, select immunizations, and wellness services for women, children, and adolescents. Based on our interpretation of the bill, NMPSIA would not be required to expand coverage for these services beyond existing legal requirements, and therefore, no additional cost impact is anticipated.

SB508 Component Cost: No Cost-Sharing for Abortion Services Fiscal Year Projected Plan Costs

Fiscal Year	Projected Plan Costs
FY26	\$15,000-\$35,000
FY27	\$30,000-\$70,000
Total	\$45,000-\$105,000

Special Enrollment Period for Pregnancy

To estimate the cost impact of this provision, NMPSIA analyzed the likelihood of non-participating, eligible women of childbearing age becoming pregnant and subsequently enrolling in NMPSIA health benefits within a given year.

- **Eligible Population:** Currently, there are 9,937 non-participating but eligible employees between the ages of 18-45. Based on the gender distribution of the overall population, we assume that 70% of these employees are female.
- **Pregnancy Estimates:** Using the birth rate among childbearing-age women in New Mexico, we estimate that approximately 358 of these women could become pregnant in FY26.
- **Enrollment Scenarios:**
  - In a low-cost scenario, 5% of these pregnant women enroll in the plan.
  - In a high-cost scenario, 20% enroll.
- **Cost Assumptions:** Once enrolled, we assume that pregnant women remain on the plan for the duration of their pregnancy (up to eight months) and incur medical and pharmacy costs at the same level as an average enrollee. These costs encompass all healthcare services received, not just pregnancy-related care.
- **Retention Rate:** Of the women who enroll in FY26, we assume that 75% will continue their coverage into FY27.
- **Dependent Coverage:** If the pregnant person is a dependent, this provision does not extend coverage to the newborn after birth.

<b>Fiscal Year</b>	<b>Projected Plan Costs</b>
FY26	\$60,000-\$225,000
FY27	\$215,000-\$845,000
Total	\$275,000-\$1,070,000

### Gender-Affirming Care

NMPSIA currently provides gender-affirming care as a standard benefit, allowing members to access these services through various providers. Gender-affirming care includes both psychological treatment, such as individual and group therapy, and medical interventions, including hormone management and surgical procedures (top and bottom surgery).

- **Elimination of Cost-Sharing:** SB508 would remove member cost-sharing for gender-affirming care.
- **Cost Trends:** We project an annual cost trend of 7%.
- **Induced Utilization:** We anticipate an increase in utilization due to the removal of cost-sharing, particularly for services that previously had higher out-of-pocket costs, such as hormone management and surgical procedures.
- **Existing Coverage Under SB317:** Members have already been eligible for in-network behavioral health services at \$0 cost-sharing under SB317, which includes therapy for gender dysphoria. Since therapy is the most commonly used gender-affirming service among NMPSIA members, the financial impact of SB508 would be limited to increased costs for non-behavioral health services, including hormone treatments, evaluation/management, and surgical procedures.

SB508 Component Cost: No Cost-Sharing for Gender-Affirming Care

<b>Fiscal Year</b>	<b>Projected Plan Costs</b>
FY26	\$15,000-\$30,000
FY27	\$35,000-\$75,000
Total	\$50,000-\$105,000

**PERFORMANCE IMPLICATIONS**

**ADMINISTRATIVE IMPLICATIONS**

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

**TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

**ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

**AMENDMENTS**