

LFC Requester:	Eric Chenier
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(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: 2/21/2025 *Check all that apply:*
Bill Number: SB570 Original Correction
 Amendment Substitute

Sponsor:	<u>Representatives Jones, Thomson, and Hernandez</u>	Agency Name and Code Number:	<u>Office of Superintendent of Insurance - 440</u>
Short Title:	<u>Prior Authorization Requirement Changes</u>	Person Writing	<u>Viara Ianakieva</u>
		Phone:	<u>(505) 827-4651</u> Email: <u>viara.ianakieva@osi.nm.gov</u>

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	N/A	N/A	N/A	N/A

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: HB461, SB477, SB39, SB207, SB263, SB508,
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 570 (SB570) adds a new section to the Prior Authorization Act of the Insurance Code to eliminate prior authorization requirements for chemotherapy, dialysis, elder care, and home health care services. SB570 also eliminates prior authorization and step therapy requirements for prescribed diabetes and high blood pressure medications approved by the Federal Drug Administration (FDA).

FISCAL IMPLICATIONS

None

SIGNIFICANT ISSUES

SB570 provides a blanket prohibition on all prior authorization and step therapy requirements for high blood pressure and diabetes medications without addressing first-line therapy considerations or clinical practice guidelines. Prohibiting step therapy may lead to impudent prescribing practices such as adjunct or second line medications being prescribed as first-line options. In order to avoid increased risk of patient harm and avoid increased cost of care, it may be prudent to allow step therapy.

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

None

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB461, SB39, SB207, SB263 and SB477 all amend the Prior Authorization Act.

TECHNICAL ISSUES

The term “elder care” is not defined in this bill or the Insurance Code, which creates ambiguity on what services and benefits would fall in the category as covered services.

OTHER SUBSTANTIVE ISSUES

Office of Superintendent of Insurance (OSI) is unable to determine if the prior authorization and step-therapy prohibition will have an impact on premiums. Diabetes and high blood pressure medications are inexpensive in general; however some market exclusive brand name drugs and second-line treatments can cost upwards of \$1,000 for a 30-day supply, which may have a significant impact premiums.

SB570 requires the elimination of prior authorization and step therapy for drugs used to treat high blood pressure and diabetes contingent upon a medical necessity review. While medical necessity review is relevant for some classes of medications, the process of evaluating medical necessity for pharmacy drugs is essentially the same as requiring a prior authorization in practice. Therefore, requiring medical necessity review contradicts the prohibition on prior authorization. It would be prudent to address prior authorization and step therapy prohibitions in a separate section that eliminates medical necessity review references.

Diabetes and high blood pressure medications are inexpensive in general; however some market exclusive brand name drugs and second-line treatments can cost upwards of \$1,000 for a 30-day supply. By eliminating step therapy requirements, the bill may have a significant impact on insurance premiums and/or formulary design.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo. Medications used to treat high blood pressure and diabetes can be subjected to prior authorization and step-therapy protocols, which may delay access to care.

AMENDMENTS

OSI recommends removing the step-therapy section related to high blood pressure and diabetes medications from the bill.

OSI recommends removing the prior authorization prohibition for high blood pressure and diabetes medications and creating a new section in the Prior Authorization Act to prohibit prior authorization on high blood pressure and diabetes medication.

OSI recommends removing the medical necessity review requirement for high blood pressure and diabetes medications as it relates to the prohibition on prior authorization.