

LFC Requester:	Allegra Hernandez
-----------------------	--------------------------

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: 3/7/2025 *Check all that apply:*
Bill Number: SB120 Original Correction
 Amendment Substitute

Sponsor:	<u>Martin Hickey</u> <u>Jeff Steinborn</u>	Agency Name and Code	<u>New Mexico Public Schools</u> <u>Insurance Authority 34200</u>
Short Title:	<u>No Behavioral Health Cost</u> <u>Sharing</u>	Person Writing	<u>Kaylynn Roybal</u>
		Phone:	<u>505-476-1672</u> Email <u>kaylynn.roybal@psia.nm.gov</u>

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
Total	\$0	\$0	\$5,400	\$5,400	Recurring	NMPSIA Benefits

(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

Senate Bill 120 amends the Health Care Purchasing Act and the New Mexico Insurance Code by removing the date limit provision that was set to expire on January 1, 2027, thereby making the prohibition of cost-sharing for behavioral health services permanent. The bill affects group health coverage, individual and group health insurance policies, health maintenance organizations, and the New Mexico Insurance Pool by continuing to prohibit copayments, coinsurance, and deductibles for behavioral health services.

Current Law:

Under Sections 13-7-26 NMSA 1978 and 59A-22-57 NMSA 1978, the existing law prohibits cost-sharing for behavioral health services, but this requirement was scheduled to expire on January 1, 2027. After that date, unless further legislative action was taken, cost-sharing requirements could be reinstated for these services.

Proposed Amendments in SB120:

The bill removes the phrase "[Until January 1, 2027]" from both Section 13-7-26(A) NMSA 1978 and Section 59A-22-57(A) NMSA 1978. These amendments ensure that the cost-sharing prohibition remains in place without an expiration date.

Definitions as Stated in the Bill:

- **Behavioral Health Services:** Includes inpatient care, detoxification, residential treatment, partial hospitalization, intensive outpatient therapy, outpatient services, and medications, including brand-name drugs when no generic is available.
- **Cost Sharing:** Any financial obligation of an enrollee other than premiums, including copayments, coinsurance, and deductibles.
- **Copayment:** A fixed dollar amount an enrollee must pay for health services.
- **Coinsurance:** A percentage of medical expenses an enrollee must pay after meeting a deductible.

Substitute SB120 removes out of network services, in-network emergency room and urgent care visits from the no member cost-sharing provision under this bill.

FISCAL IMPLICATIONS

- Experience base used for future actual behavioral health expenses:
 - Base cost estimates used data available at time of SB317: incurred claims October 2018 – September 2020
 - Updates for FY26 and FY27 SB317, SB273 and SB120 estimates: incurred claims October 2023 – September 2024
 - This analysis is utilizing NMPSIA's actual claims data provided to Segal via their SHAPE data warehouse from Blue Cross Blue Shield New Mexico.

- Excludes any out-of-network services.
 - Excludes in-network emergency room and urgent care visits.
- Medical cost trend per annum
 - Prior to CY2024: 6%
 - On and after CY2024: 8%
- Pharmacy cost trend per annum
 - Prior to CY2024: 9%
 - On and after CY2024: 14%
- Base medical utilization trend (i.e. increase in utilization per capita): 2%
- Adjust cost due to supply and demand (induced utilization), based on experience seen with implementation of SB317:
 - Medical induced utilization: 10% in FY26 and 5% in FY27
 - Pharmacy: 5% for FY26, assumed to level off after
- Projected costs without the impact of behavioral health legislation are based upon experience prior to January 1, 2022, with base utilization and cost trend assumptions and induced utilization and based cost trend factors assumed.
- Projected experience reflects general future cost trend and ongoing induced utilization
- The impact to NMPSIA is the difference in projected plan paid costs according to standard plan provisions and the plan paid cost under legislated benefits; essentially the projected member paid portions.
- Segal considered NMPSIA experience, projected industry cost trends for behavioral health services and medications as well as available resources for behavioral health prevalence, treatment rates and provider access.
- Our estimated impact reflects the projected additional plan spend due to SB120 and preceding legislation (i.e. SB317 effective January 1, 2022) compared to expected plan spend absent any of this legislation. The updated FIR amounts exclude emergency room and urgent care visits.
- This analysis does not include any potential savings with reduction in total cost of care for members engaged in mental health services. The data is still not complete to provide the proper analysis. Segal has reviewed the cost of care for members engaged in behavioral health services. However, at this time, the data does not indicate enough savings to offset the additional costs for providing these services at a \$0 cost share.

SIGNIFICANT ISSUES

Behavioral health services cost and utilization have been outpacing those of other medical services since the inception of the original SB317 legislation and are continuing to do so. NMPSIA's plans have been applying full coverage for only in-network benefits; subsequent legislation is assumed to both remove the original sunset date and excludes emergency room and urgent care visits.

At this juncture, there isn't any analysis prepared as to the overall impact on enrollees' general health or offsetting reductions in total costs for members the cost-sharing restrictions mandated by SB 317. The removal of the sunset provision would make these

cost-sharing restrictions permanent for NMPSIA and the regulated commercial market.

Induced utilization for behavioral health services may level off or vary from our assumptions depending upon members' continued utilization patterns for behavioral health services. Based upon recent experience, we include and recommend ongoing higher induced utilization. To the extent actual utilization varies from our assumptions, cost impacts will vary.

Prescription drugs covered for behavioral health services are based upon a list of national drug codes (NDCs) deemed to treat mental health and/or substance use disorders as indicated by pharmacy benefit provider in place when SB317 was passed. Segal has assumed utilization of these medications is for the treatment of behavioral health conditions and does not exclude medications attributable to off-label use. To the extent these medications are prescribed to treat other conditions, cost impacts may be lower. We are not able to definitively exclude prescriptions where off-label use is in play. CVS' estimate was lower (FY27 impact is approximately \$3,2M vs. Segal's estimate at about \$4M), likely reflecting CVS' formulary and possibly removing impact of off-label use; however, no details were included as to the methodology behind those estimates. Due to timing, Segal had to complete our estimates without updated NDCs from CVS.

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