LFC Requester:	Eric Chenier

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: *1/30/25*
Bill Number: *SB193*

Check all that apply:
Original _x Correction __
Amendment __ Substitute __

Sponsor: Sen. O'Malley
Short Title: Require Coverage for Weight Loss Drugs

Agency Name and Code Number: HCA-630
Person Writing Keenan Ryan
Phone: 505-396-0223 **Email** Keenan.ryan@hca.nm.

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
$0	$0	N/A	N/A

(Parenthesis ( ) indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
$0	$0	$0	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
$0.0	$19,794.7	$39,589.4	$59,384.1	Recurring	General Fund
$0.0	$50,052.5	$100,105.0	$150,157.6	Recurring	Federal Fund
$0.0	$2,346.0	$4,692.0	$7,038.0	Recurring	Health Care Affordability Fund
$0.0	$24,147.6	$48,295.1	$72,442.7	Recurring	TOTAL

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Not known
Duplicates/Relates to Appropriation in the General Appropriation Act: Not known

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 193 (SB193) would require all insurers to cover at least one Glucagon-like Peptide 1 (GLP-1s) for the treatment of chronic weight management.

The provisions of this act would apply to all health insurance policies, plans and contracts that become effective on or after January 1, 2026.

The bill does not contain an appropriation.

FISCAL IMPLICATIONS
Medicaid

There are roughly 31,583 Medicaid members with a diagnosis of obesity (Body Mass Index >30) without a diagnosis of Diabetes. GLP-1s are already covered for diabetics in the Medicaid program.

Utilization rates for GLP-1s can be highly variable. Three estimates are provided below for low, moderate, and high utilization. The estimate above is based off moderate utilization. Some national fiscal analyses indicate that the obesity treatment market could expand to $200 billion nationally by 2031, with a significant portion of the cost being driven by GLP-1 drugs. (Source: https://www.ncsl.org/state-legislatures-news/details/growth-volume-price-the-skinny-on-glp-1-medications#:~:text=Gross%20Medicaid%20spending%20in%202022,rebates%20reached%20more%20than%20$900.)

In cases of low utilization, the HCA estimates that 3,563 (11.3% of the population meeting clinical criteria for obesity) would start GLP-1 therapy, with only 2,280 (64%) completing a full year of treatment. Total costs in the low utilization scenario are estimated at $43,603,103, after Medicaid Drug rebate, with a state share of $9,502,457.

In cases of moderate utilization, the HCA estimates that 14,844 (47% of the population meeting clinical criteria for obesity) would start GLP-1 therapy, with 9,500 (64%) completing a full year of treatment. Total costs are estimated at $181,657,283, after Medicaid Drug rebate, with a state share of $39,589,407.

If all 31,583 Medicaid members who meet the clinical criteria for obesity were to start GLP-1 therapy, the HCA estimates that 20,213 (64%) would complete a full year of treatment. The total cost in this scenario is estimated to be $386,504,858, after Medicaid Drug rebate, the state share of $84,232,781.

State Health Benefits

Because SHB already covers GLP-1 drugs for weight loss, the following costs are not incremental or related to the passage of this bill, but rather are provided as background on SHB GLP-1 spending:

- FY25: GLP-1 spend for weight loss is approximately $20M
- FY26: GLP-1 spend for weight loss is projected to cost between $25M and $40M, which represents between 4.6% and 7.4% of overall medical/Rx spend
- Growth in GLP-1 drugs for weight loss is the largest share of growth in the prescription drug spend for State Health Benefits.

Health Care Affordability Fund

The provisions within SB 193 increasing access to at least one weight loss drug will impact all of the Health Care Affordability Fund programs.

The primary impact will be on the Small Business Health Insurance Premium Relief Initiative ("the Initiative"). Since this program currently covers 10% of premiums in the market, any increase in rates are proportionally absorbed by the program. If rates increase in a manner similar to SHB projections, rates will increase approximately 6%, resulting in an additional appropriation need of $1,932,000. Small employers tend to be particularly sensitive to increases in rates. While the Health Care Affordability Division is not able to model the extent of the impact, a rate increase resulting could result in a marginal change in the number of small businesses dropping employer-sponsored coverage, which could in turn lead to higher BeWell Marketplace enrollment as the employees of these businesses seek alternative forms of coverage.

The Coverage Expansion Program (CEP) covers a portion of premiums and direct claims costs for New Mexicans who cannot access other types of coverage in order to provide them with affordable health insurance. The Division estimates the bill will increase program costs by $2,760,000 annually if trends match SHB experience.

Regarding the Marketplace Affordability Program (MAP), the need for plans to cover this type of drug may increase overall premiums, leading to higher insurance premiums. Federal premium tax credits will largely cover this increase, unless the federal government determines that the costs of this type of state mandate must be defrayed, in which case the state would need to fund benefits through General Fund appropriations. The Division defers to the Office of

Superintendent of Insurance to make such determinations. The Division does not anticipate an increase in MAP program costs.

Altogether, total costs are estimated to be $4,692,000, with FY26 being half this cost due to the law going into effect halfway through the fiscal year.

SIGNIFICANT ISSUES

SB193 would have a significant impact on the HCA for the Medicaid program. The bill does not contain an appropriation to pay for this addition to the Medicaid prescription drug benefit.

PERFORMANCE IMPLICATIONS
Medicaid

The HCA could cover these agents in Medicaid; however, without appropriations to cover the general fund share, it is cost prohibitive to cover these agents at this time.

Patients on GLP-1s that can tolerate the therapy have demonstrated significant weight loss, as well as other cardiovascular and metabolic benefits. Additional data is forthcoming about the benefit for other diseases states.

The Centers for Disease Control and Prevention (CDC) has highlighted both benefits and risks associated with weight loss drugs, particularly GLP-1 receptor agonists like Ozempic and Wegovy.

Some Benefits include:

- Reduced Risk of Chronic Conditions: These drugs have been associated with lower risks of heart disease, stroke, kidney disease, and even Alzheimer's disease.
- Improved Cognitive and Behavioral Health: Studies have shown a reduction in addiction-related conditions and improved outcomes for conditions like dementia and seizures.
- Weight Loss: They help in significant weight loss, which can lead to overall better health outcomes.

Some risks include:

- Gastrointestinal Issues: Increased risks of gastrointestinal problems, such as pancreatitis and low blood pressure.
- Other Health Risks: There are also increased risks for certain kidney conditions and arthritis.

ADMINISTRATIVE IMPLICATIONS

Medicaid

This bill would require a state plan amendment to allow Medicaid to negotiate for supplemental

rebates and to create value-based contracts with drug manufacturers. Medicaid is currently working on implementing a preferred drug list, supplemental rebates and value-based purchasing for its pharmacy programs. This would allow Medicaid to negotiate significantly improved prices for its members. As this is a non-covered benefit there is financial motivation for manufacturers to participate in these negotiations. State mandates to cover this medication decreases the agency's ability to negotiate better prices for these agents.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None known

TECHNICAL ISSUES

Medicaid

Medicaid already has authority from CMS to cover these agents for weight loss; however, the NMAC would need to be updated to reflect the coverage of these medications.

OTHER SUBSTANTIVE ISSUES

State Health Benefits

Effective January 1, 2026, this bill would require the coverage of "…at least one injectable glucagon-like eptide-1 receptor agonist that is prescribed for chronic weight management in adults with obesity."

Considering SHB already covers GLP-1 drugs for weight management, in its current form, the bill would be expected to have limited if any cost impact on SHB. However, the bill should be monitored for changes that would restrict any SHB efforts to manage its GLP-1 spending through the implementation of lifestyle management requirements (or other means), compromise SHB's ability to receive drug manufacturer rebates, impact formulary placement or expansion in the definition of which obese members would be eligible for GLP-1 drugs.

Health Care Affordability Fund

Based on data from the National Conference of State Legislatures, 40% of adults in America are obese. GLP-1 drugs can provide support for this condition (approximately 40% of it use), but they are primarily used to treat Type 2 diabetes (62% of its use). Further, data supports that 42% of adults under 65 in private insurance are eligible for a GLP-1 drug. The average retail cost for one year of a GLP-1 drug is $12,000.

Per information from the Peterson-KFF Health System Tracker, some issuers have noted that consumers' increased usage of these drugs have led to higher insurance premiums. Many plans available on the Federal Affordable Care Act (ACA) Marketplace have limited the use of the drug to only individuals being treated for diabetes to manage the associated costs.

The private market (defined as employer coverage, exchanges, direct purchase, etc.) contains 66% of all people who were insured in 2022 who were adults under 65. Of this population, 40% may be clinically eligible for the GLP-1 drugs.

ALTERNATIVES

None suggested

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None