LFC Requester:	Eric Chenier

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: _____ *Check all that apply:*
Bill Number: SB 207 Original X_ Correction __
Amendment _ Substitute __

Sponsor: Senators Stefanics, Thomson, and Hickey
Short Title:

Agency Name and Code Number: Office of Superintendent of Insurance - 440
Person Writing Viara Ianakieva
Phone: 505-508-9073 viara.ianakieva@osi.nm.gov

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		

(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 207 (SB207) amends Section 59A-22B-8 NMSA 1978 of the New Mexico Insurance Code to bar health insurance companies from imposing prior authorization for medications prescribed for on-label or off-label use, or from imposing step-therapy protocols for on-label or off-label use, and for medications prescribed for rare diseases. SB207 defines a rare disease for the purpose of application to this section only as "a disease or medical condition that affects fewer than two hundred thousand people in the United States."

FISCAL IMPLICATIONS
None.

SIGNIFICANT ISSUES
SB207 uses the term "medical necessity determination," but in the case of a rare disease, this determination may not be appropriate unless the healthcare professional making the determination is from the same or similar practice specialty that is managing the rare disease.

SB207 removes the patient protections surrounding prior authorizations. Therefore, as is, the bill does not provide a time limit in which medical necessity determination must be made. This can delay treatment which defeats the purpose of prohibiting prior authorization.

Treatment for rare diseases is currently covered when the treatment is determined to be a medical necessity. OSI does not have the information needed to determine if this change will increase premiums. However, OSI suspects that that there would be little or no impact on premiums since this bill simply removes the prior authorization process.

PERFORMANCE IMPLICATIONS
OSI may receive an increased number of grievances related to medically necessary treatment of rare diseases, if carriers fail to comply.

ADMINISTRATIVE IMPLICATIONS
If the bill is enacted, OSI will be required to update its existing Prior Authorization Rule, 13.10.31 NMAC.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP
None.

TECHNICAL ISSUES
Off-label use is not defined within the statute. OSI recommends adding a definition for "off-label use." This definition for off-label use, and the other definitions offered by OSI in the "Amendments" section below will assist in implementation of the provisions in this proposed bill.

OTHER SUBSTANTIVE ISSUES
None.

ALTERNATIVES
None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL
Residents of New Mexico suffering from rare diseases may not be able to receive care covered by their insurance plan since most rare disease treatments are considered off-label use by the FDA.

AMENDMENTS
OSI recommends the following amendments:
Add a definition of "off-label use":

- D. "Off-label use" means a medication or a dosage of a medication that is not approved by the federal food and drug administration as a treatment for a specific condition or disease but is prescribed to a covered person because there is sufficient clinical evidence for a prescribing clinician to reasonably consider the medication to be medically necessary to treat the covered person's condition or disease.

Page 1, Line 24: Change "medical necessity determination" to:

- "Medical necessity determination made by a health care professional from the same or similar practice specialty that typically manages the medical condition, procedure or treatment under review"

Page 2, Line 1: Add language:

- Medical necessity determinations shall be automatically approved within seven days for standard determinations and twenty-four hours for emergency determinations when a delay in treatment could:
    (1) seriously jeopardize a covered person's life or overall health;
    (2) affect a covered person's ability to regain maximum function; or
    (3) subject a covered person to severe and intolerable pain.

Page 2, line 7:

- "Medical necessity determination made by a health care professional from the same or similar practice specialty that typically manages the medical condition, procedure or treatment under review"

Page 2, line 9:

- Medical necessity determinations shall be automatically approved within seven days for standard determinations and twenty-four hours for emergency determinations when a delay in treatment could:
    (1) seriously jeopardize a covered person's life or overall health;
    (2) affect a covered person's ability to regain maximum function; or
    (3) subject a covered person to severe and intolerable pain.