

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: 2/4/25 *Check all that apply:*
Bill Number: SB263 Original Correction
 Amendment Substitute

Sponsor: Sen Hickey **Agency Name and Code** HCA-630
Short Title: Prior Authorization Exemptions **Number:** _____
Person Writing Keenan Ryan
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SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0.0	\$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	\$0.0	\$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
HCA FTE	\$0.0	\$39.5	\$39.5	\$79.0	recurring	GF to HCA
HCA FTE	\$0.0	\$39.5	\$39.5	\$79.0	recurring	FF to HCA
IRO Review	\$0.0	\$218.0	\$218.0	\$436.0	recurring	GF to HCA
ITD: FS Change	\$0.0	\$540.0	\$0.0	\$540.0	Nonrecurring	FF to HCA

ITD: FS Change	\$0.0	\$60.0	\$0.0	\$60.0	Nonrecurring	GF to HCA
Total	\$0.0	\$897.0	\$297.09	\$1,194.0		

(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 263 (SB263) looks to create a process to exempt providers who have prior authorization approval rates of greater than 90%, from needing to furnish prior authorization on future orders.

The bill creates guidance for:

- Time period for review
- Approval rate of prior authorizations by a provider before exception is granted
- Requirement for insurer to notify the provider in writing, with explanation
- Process for rescinding exception for prior authorization, including appeal and review by an independent review organization (IRO)
- Requirement and authority of independent review organizations

FISCAL IMPLICATIONS

This bill edits the insurance code (Chapter 59) so it is not clear that it applies to Medicaid. If it does apply to Medicaid, the HCA would need a full-time Pharmacy Technician III to implement this program for Fee-for-Service Medicaid and for oversight of the Managed Care Organization (MCO) prior authorization exemption program. The cost of a Pharmacy Technician III annually is \$78,900 which is split \$39,450 from the general fund and \$39,450 from the federal funds.

Contracting with an independent review organization and accessing medical records will increase operating costs for MAD. In another state the cost for each prior authorization exemption request was \$460. Based on the “New Mexico Health Care Workforce Committee 2024 Annual Report” there are 5,270 Primary Care Physicians, OB-GYN Physicians, Psychiatrists, Physician Assistants, Nurse Practitioner and Nurse Midwives. Assuming 90% are registered with Medicaid and only 10% of those 4,743 providers request exemption per year there would be an additional cost of \$218,040.0 per year.

This bill will likely impact State Health Benefits (SHB), but the cost to the plan is indeterminable. SHB has requested an administrative and fiscal impact from its administrative services organizations and will update its analysis if there are any major issues identified.

SIGNIFICANT ISSUES

This bill limits the exemptions by insurance type. If a provider maintains a high rate of approval, they would be required to go through this process with each insurance company separately. In Medicaid this would apply to five plans: four managed care plans and one Fee-for-Service plan. Exempting from all applicable plans could be laborious on providers. Oversight post prior authorization exemption could limit the MCO and HCA’s ability to evaluate for high utilization

of inappropriate medication prescribing if a clinician's prescribing practice changed.

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

The Financial Services (FS) Module of the Medicaid Management Information System Replacement (MMISR) will require a system change to implement this bill. The change is expected to occur in state fiscal year 2026 and would cost approximately \$600,000.00 to complete. This is anticipated to be with 90% Federal Funds and 10% State Funds, or \$540,000.00 Federal Funds and \$60,000.00 State Funds.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

The point-of-sale adjudication system for pharmacy would need edits to prevent exempted providers from receiving prior authorization requests. The list of providers will need to be maintained regularly and audited for appropriateness. Each time the list is changed represents a small but persistent cost to HCA.

There are specific medications and/or classes of medication that are limited to specific provider types. It is not clear if this exempts provider type requirement.

It is not clear if this bill applies only to medication-associated prior authorizations or all prior authorization in healthcare (ie durable medical equipment).

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo

AMENDMENTS

An amendment allowing insurers to compare prescribing practices pre- and post-exemption award would be a valuable tool to maintain oversight without necessarily increasing cost. If the prescribing rate of agents that requires PA were significantly different it may warrant further investigation.