

LFC Requester: _____

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: 2/21/25 *Check all that apply:*
Bill Number: SB503 Original Correction
 Amendment Substitute

Sponsor: Sen Scott **Agency Name and Code** HCA-630
Short Title: Prohibit Certain PBM Practices **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
	\$0.0	Unable to determine	Unable to determine	Unable to determine	Recurring	GF

(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 503 (SB503) would amend the Pharmacy Benefits Manager Regulation Act to prevent several practices. These include:

1) Patient Steering:

- Directing patients to use mail order preferred pharmacies
- Requiring patients to use a restricted network of pharmacies
- Charging patients a higher copay to use non preferred pharmacies

2) Spread pricing:

- Reimbursing a pharmacy for a prescription and billing an insurer or an employer that provides health insurance at a higher price than was reimbursed for the same prescription

The bill also includes a provision allowing for the occurrence of clerical errors that would not be detrimental to the pharmacy benefit manager.

FISCAL IMPLICATIONS

Medicaid

Fee-for-Service (FFS) Medicaid already complies with the stipulations as listed in the bill. There is no direct financial implication to the FFS program expected.

Managed Care Organizations (MCOs) do currently have the ability to control their own networks. By utilizing preferred pharmacy contracts, MCOs are able to lower their prescription drug costs. As such, MCO have incentives to try and keep members in their pharmacy network. Should this legislation pass, it could increase costs the MCOs pay to pharmacies. Through this process, there could be a downstream increase in capitation rates paid by the state resulting in a GF impact. It is not possible to estimate what those costs would be at this time.

State Health Benefits

State Health Benefit plan costs would be expected to increase. This bill would remove certain approaches currently used to manage pharmacy costs, such as encouraging members to use network pharmacies by imposing higher cost sharing at non-network pharmacies. Increased use of non-network pharmacies would likely increase drug costs since the current PBM does not have preferred arrangements in place with non-network pharmacies. Eliminating spread pricing has the potential to generate savings, but it is not clear how much this would save or the extent to which these savings could be realized.

SIGNIFICANT ISSUES

See Fiscal Implications above

PERFORMANCE IMPLICATIONS

None for the Health Care Authority (HCA).

ADMINISTRATIVE IMPLICATIONS

In order to implement this legislation, the MCO contracts, MCO policy manual and the NMAC

would need to be updated to be in compliance with this legislation. Additional performance and/or audits may need to be performed to ensure compliance.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB62 looks to regulate PBM functions, some of which may overlap with this legislation.

TECHNICAL ISSUES

None for the HCA.

OTHER SUBSTANTIVE ISSUES

None for the HCA.

ALTERNATIVES

None suggested

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

None