NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE

Pharmaceutical Update

Legislative Health and Human Services Committee
November 2025

RubyAnn Esquibel, LFC
Harry Rommel, LFC

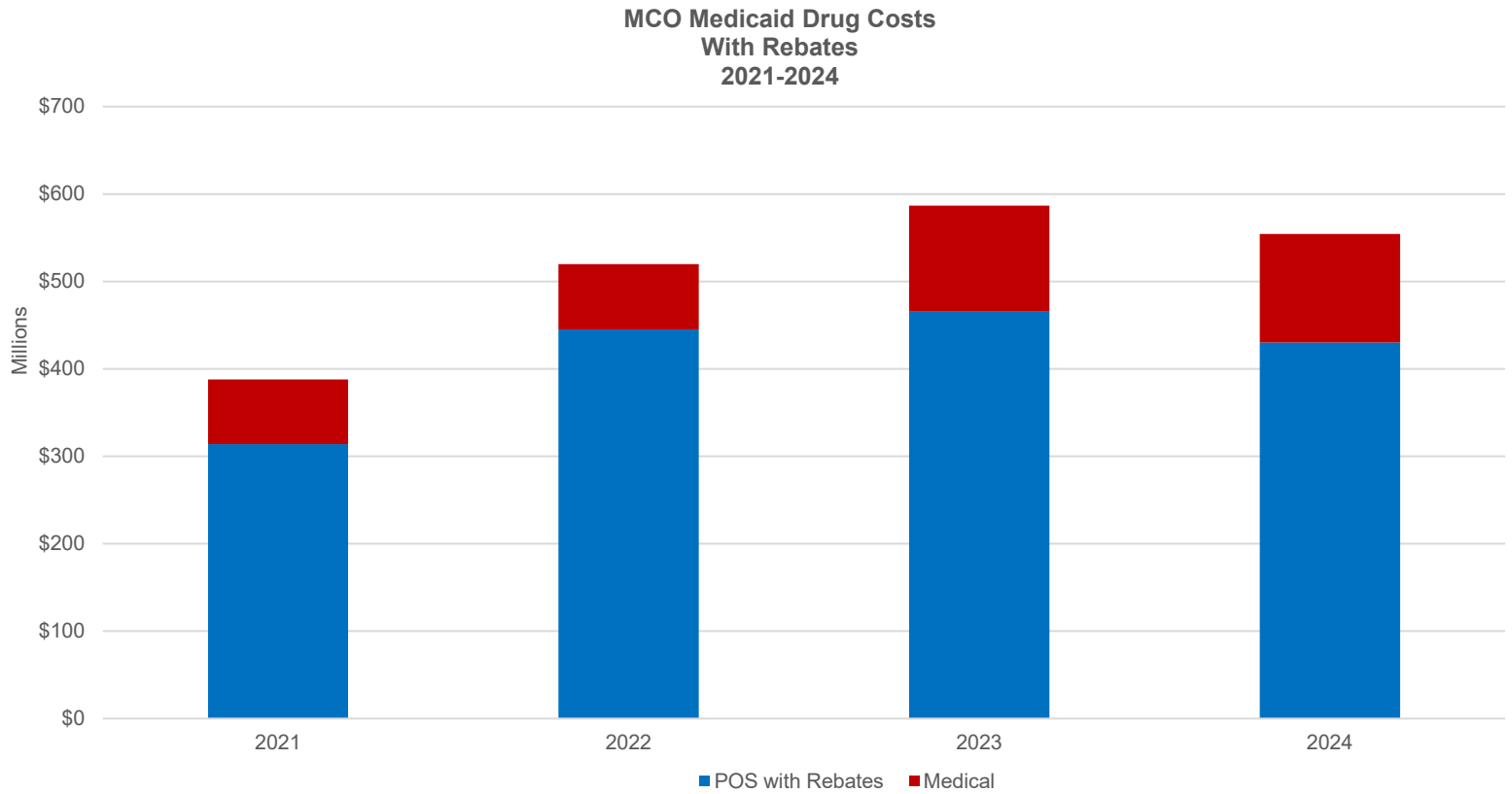
Overview

- Rising Health Coverage and Pharmaceutical Costs
- NM Medicaid Pharmaceutical Cost Data
- NM Medicaid Pharmaceutical Cost and Quality Strategies
- State Strategies to Lower Prescription Drug Costs
- Appendices: Comparative Pharmacist Data, PBM Cost Controls, Definitions

Rising Health Insurance Prices

- Health insurance premiums are rising in part due to prescription drug prices, and particularly due to glucagon-like peptide-1 (GLP-1) agonists.
- KFF notes average annual coverage in the U.S. costs $27,000 for a family and $9,300 for an individual, respectively up 6% and 5% from 2024.
- In 2026, KFF reports premiums and out-of-pockets costs could be much higher than inflation associated with the cost of GLP-1 medications, hospital prices, and tariffs potential impact on imported drugs.

New Mexico Medicaid Spending Has Increased for Point of Sale and Medical Pharmacy Costs



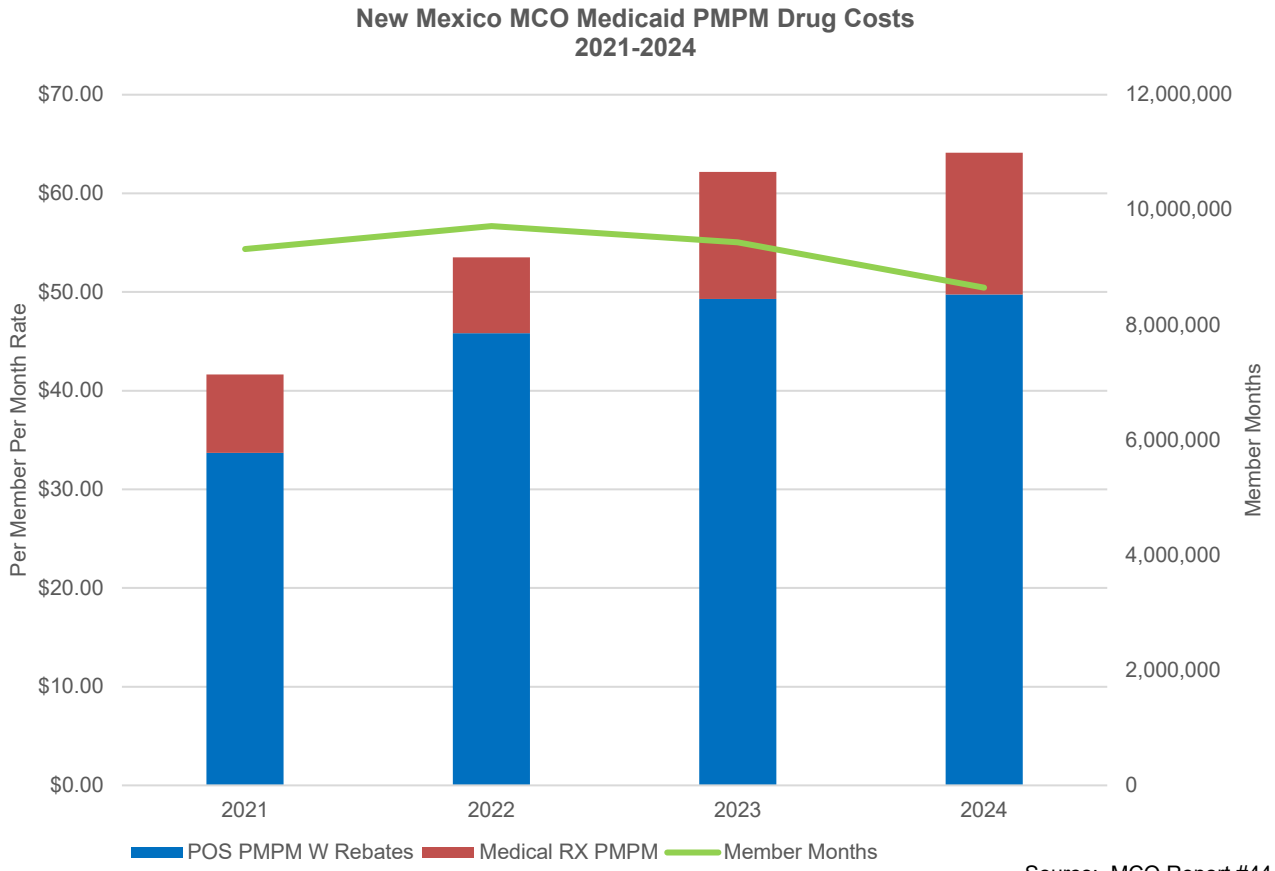
Source: MCO Report #44

Medical Pharmacy Costs have increased by 67% between 2021 and 2024

Point of Sale (POS) Pharmacy Costs have increased by 36% between 2021 and 2024

Data does not include rebates

Overall Pharmacy Costs for New Mexico Medicaid Have Increased and Medical RX Costs are Rising Faster than Point Of Service RX Costs



Source: MCO Report #44

- Medical RX expenses increased in 2024 more rapidly than for POS RX.
- Highest costs for Medical RX are for cancer drugs.

Top Therapeutic Classes by Total Spend for 4Q 2023

Therapeutic Class Code Description	Paid Amount	Cost/Claim
ANTINEOPLASTICS AND ADJUNCTIVE THERAPIES	$6,585,158	$2,929
ENDOCRINE AND METABOLIC AGENTS - MISC.	$1,518,204	$2,041
NEUROMUSCULAR AGENTS	$1,406,051	$851
HEMATOPOIETIC AGENTS	$1,144,030	$393
CONTRACEPTIVES	$1,104,957	$324
HEMATOLOGICAL AGENTS - MISC.	$1,065,235	$2,774
OPHTHALMIC AGENTS	$779,802	$954
PASSIVE IMMUNIZING AND TREATMENT AGENTS	$761,679	$2,395
GASTROINTESTINAL AGENTS - MISC.	$652,768	$547
ANALGESICS - ANTI-INFLAMMATORY	$297,831	$21

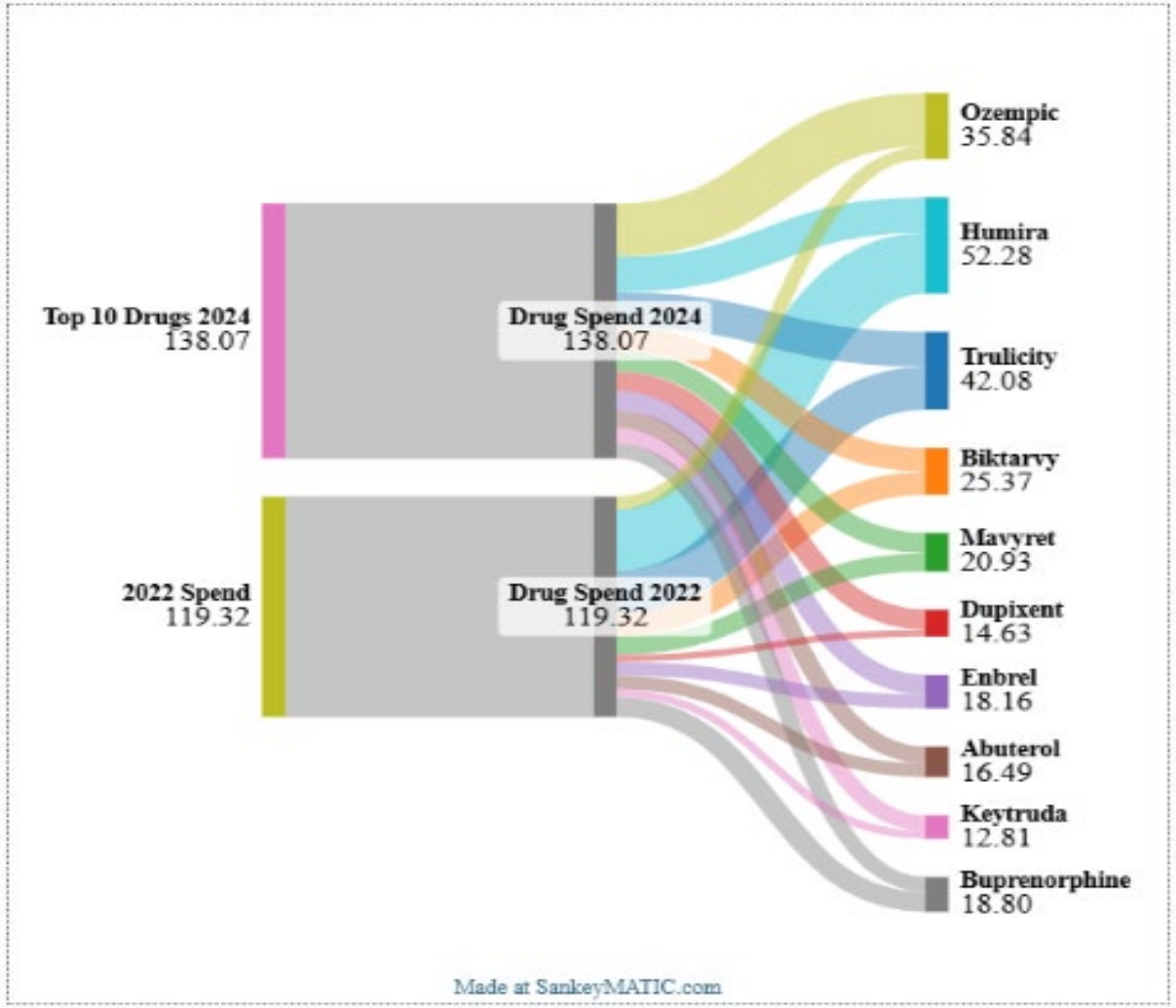
Source: MCO Report #44

Data does not include rebates

Top 10 Most Used New Mexico Medicaid Drugs and Costs Associated with Them

- NM's Medicaid program expended $119.3 million for the top 10 pharmaceuticals in 2022, and $138.1 million in 2024, a 15.7% increase.
- The top 10 drugs driving costs were Humira (inflammatory conditions), Trulicity (diabetes, cardiovascular), Ozempic (diabetes, weight management), Biktarvy (HIV), Mavyret (hepatitis C), Buprenorphine (opioid use disorder), Enbrel (arthritis, psoriasis), Albuterol (bronchial dilator), Dupixent (dermatitis, asthma), and Keytruda (cancers).
- The top 10 drugs represent 20% of the total cost.
- GLP-1 drugs have shifted the composition of top Medicaid drugs.
- Costs for Humira and Trulicity have continued to increase due to Medicaid membership increases and cost per script increases. Patent expirations may shift costs as biosimilars become available.

Data does not include rebates

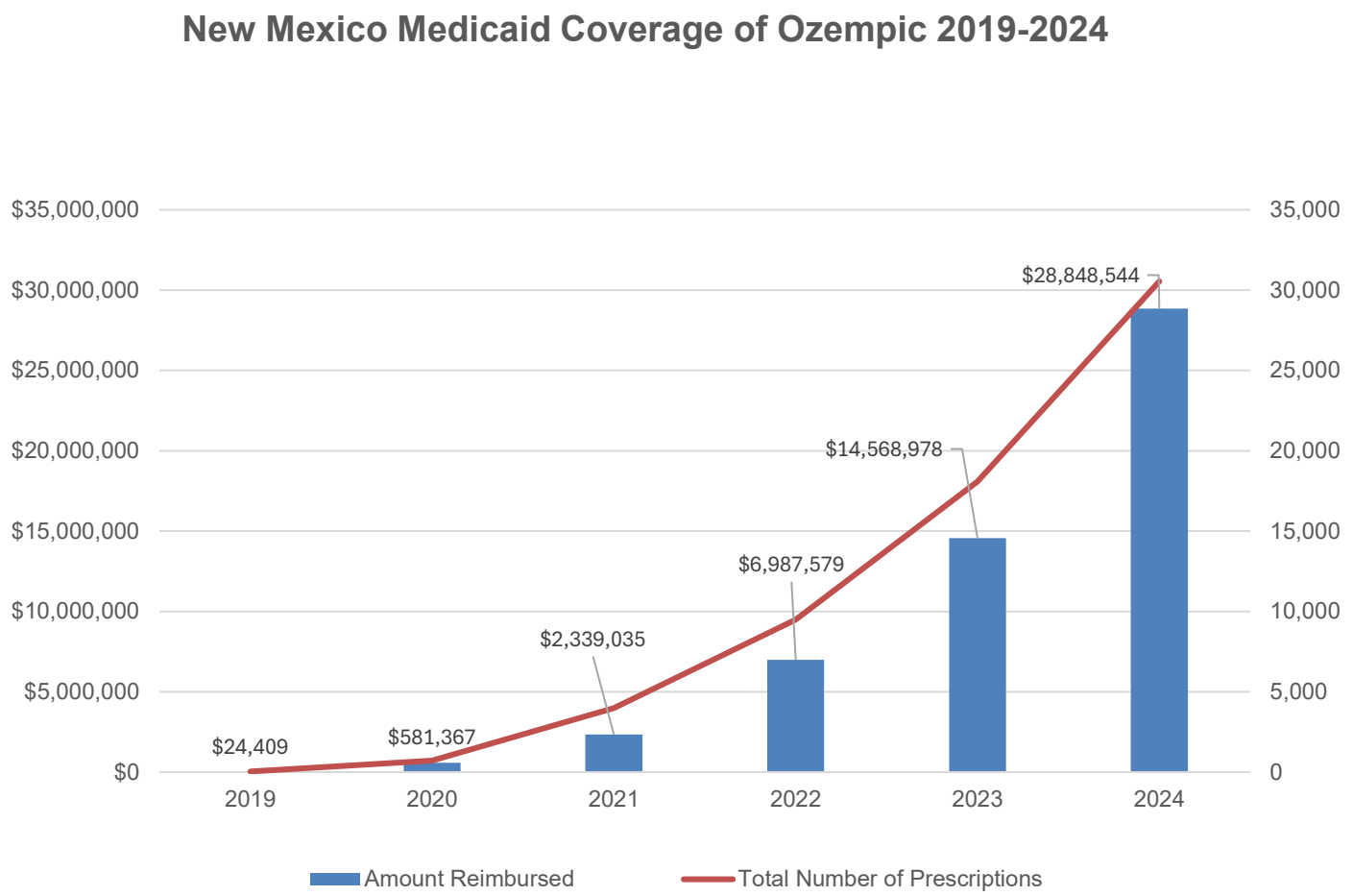


Source: Medicaid SDUD

Insurance Coverage of GLP-1s

- KFF's annual Employer Health Benefits Survey found the percent of large employers with over 5,000 employees covering GLP-1s for weight loss/obesity grew from 28% to 43% this year.
- For employers with 200 to 999 employees, only 16% provide health insurance coverage of GLP-1s for weight loss.
- GLP'1s are typically covered for diabetes, but cost limits their coverage for weight loss.
- The list price of Wegovy is about $1,350 for a month’s supply, though discounts are available.

GLP-1 Drug Utilization Continues to Rise, With No Plateau Observed



Source: Medicaid SDUD

Reimbursable Uses of Ozempic Under Medicaid:

- Type 2 Diabetes
- Metabolic Steatohepatitis (MASH)
- Obstructive Sleep Apnea (OSA)
- Atherosclerotic Heart Disease (ASCVD)
- Child Obesity (early periodic screening and treatment, per CMS guidelines)

New Mexico Medicaid's Preferred Drug List

- NM's Medicaid program is implementing a statewide preferred drug list (PDL) standardizing medication coverage and ending variable formularies across MCOs and fee-for-service.
- A preferred drug list is a standardized list of medications the state recommends over others in the same therapeutic class based on clinical effectiveness and value.
- PDL will simplify prescribing and increase transparency and accessibility.
- PDL will focus on high-cost drug classes and not apply step therapy or prior authorization to medications used to treat rare diseases, autoimmune conditions, cancer, or substance use disorder.
- Prime Therapeutics was recently procured as the vendor to implement PDL.
- New Mexico Medicaid is one of few states not collecting pharmaceutical supplemental rebates. PDL will help with advancing collection of Medicaid pharmaceutical supplemental rebates.

Medicaid Preferred Drug Lists Across States

- For Fee-for-Service Medicaid:
- 45 states and the District of Columbia have a PDL
- New Mexico does not currently have a PDL
- For Managed Care Medicaid:
- 12 states have a PDL for all classes
- 8 states have a PDL for some classes
- 5 states have pharmacy carved out of managed care (all pharmacy service provided by fee-for-service)

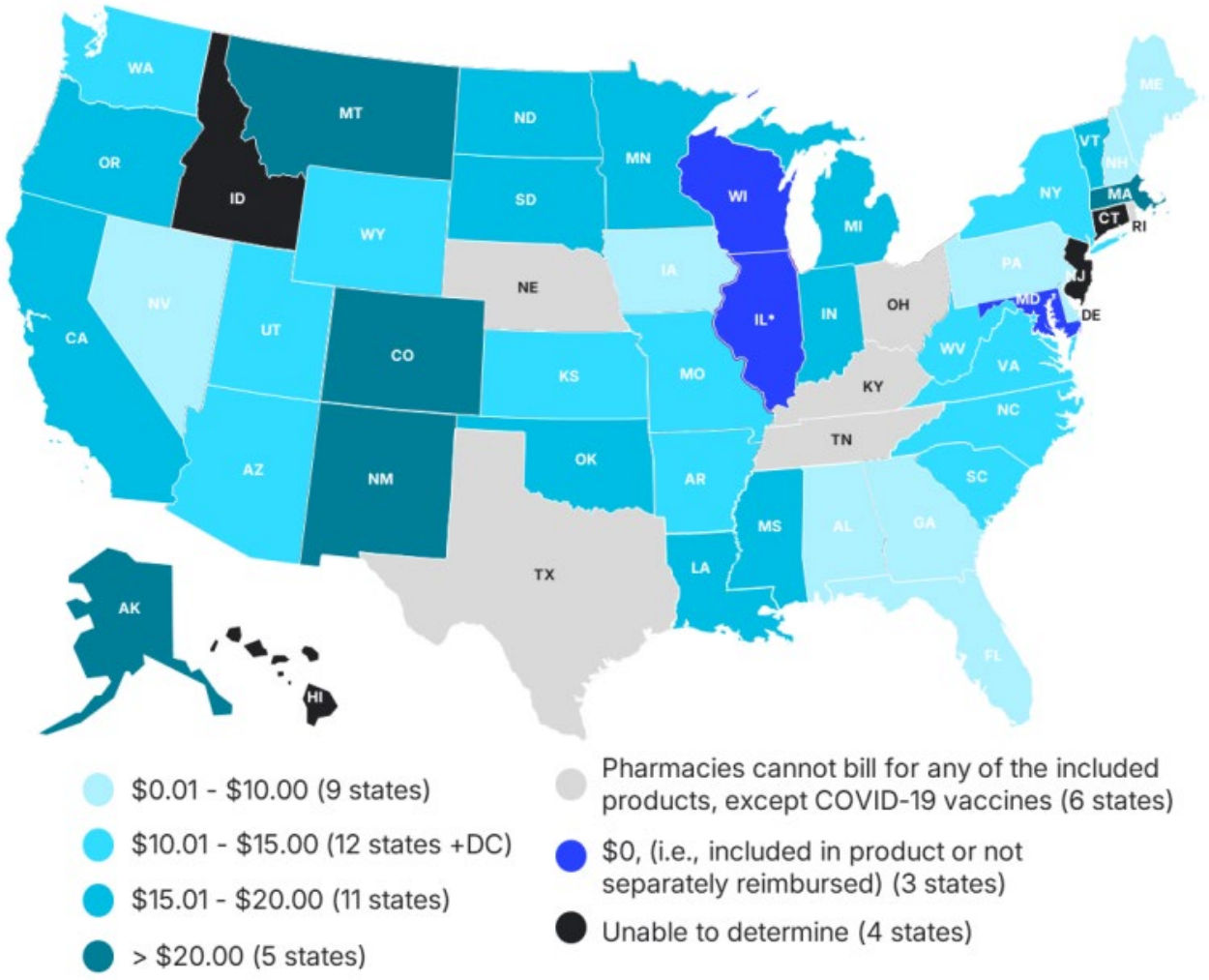
Medicaid Prescription Pricing Controls By State (1)

State	Carve In/ Carve Out*	Specific Drug Carve Outs	Pharmacy Audits	Prohibit Clawbacks/ Retrospective Denials	Maximum Allowable Cost (MAC) List	Spread Pricing Restrictions	Value Based Purchasing Supplemental Rebate Agreement
New Mexico	Carve In				Yes		
Arkansas	Carve In		Yes	Yes	Yes	Yes	Yes
Arizona	Carve In	Hemophilia, Oncology Spinal Muscular Atrophy	Yes		Yes		Yes
California	Carve In	Hemophilia, HIV Mental Health , MOUD	Yes	Yes			Yes
Colorado	Carve In	Spinal Muscular Atrophy Oncology	Yes				Yes
Kansas	Carve In		Yes		Yes		
Louisiana	Hybrid		Yes	Yes	Yes	Yes	Yes
Missouri	Carve Out		Yes				Yes
Nevada	Carve Out		Yes		Yes		
Oklahoma	No MCO			Yes			Yes
Tennessee	Carve Out		Yes				Yes
Texas	Carve In	Hemophilia, Gene Therapy Spinal Muscular Atrophy	Yes		Yes		Yes
Utah	Carve Out	Hemophilia, MOUD		Yes			Yes

Medicaid Prescription Pricing Controls By State (2)

State	Risk Corridors	Risk Pools	Prohibit Gag Clause	Network Adequacy Requirements	Reimbursement Requirements	Utilization Management	Transparency/ Required Reporting	PBM Registration Required	Required Rebate Reporting
New Mexico			Yes		Yes		Yes	Yes	Yes
Arkansas			Yes	Yes	Yes	Yes	Yes	Yes	Yes
Arizona			Yes	Yes		Yes		Yes	Yes
California			Yes				Yes		Yes
Colorado			Yes	Yes	Yes	Yes			Yes
Kansas			Yes					Yes	
Louisiana	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Missouri			Yes			Yes			
Arkansas			Yes	Yes	Yes	Yes	Yes	Yes	Yes
Arizona			Yes	Yes		Yes		Yes	Yes
California			Yes				Yes		Yes
Colorado			Yes	Yes	Yes	Yes			Yes
Kansas			Yes					Yes	
Louisiana	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Missouri			Yes			Yes			
Nevada	Yes		Yes		Yes		Yes		
Oklahoma			Yes						
Tennessee			Yes	Yes				Yes	Yes
Texas					Yes	Yes	Yes		
Utah		Yes	Yes		Yes			Yes	Yes

Medicaid Pharmacy Reimbursement Rates for Immunizations, By State, 2025

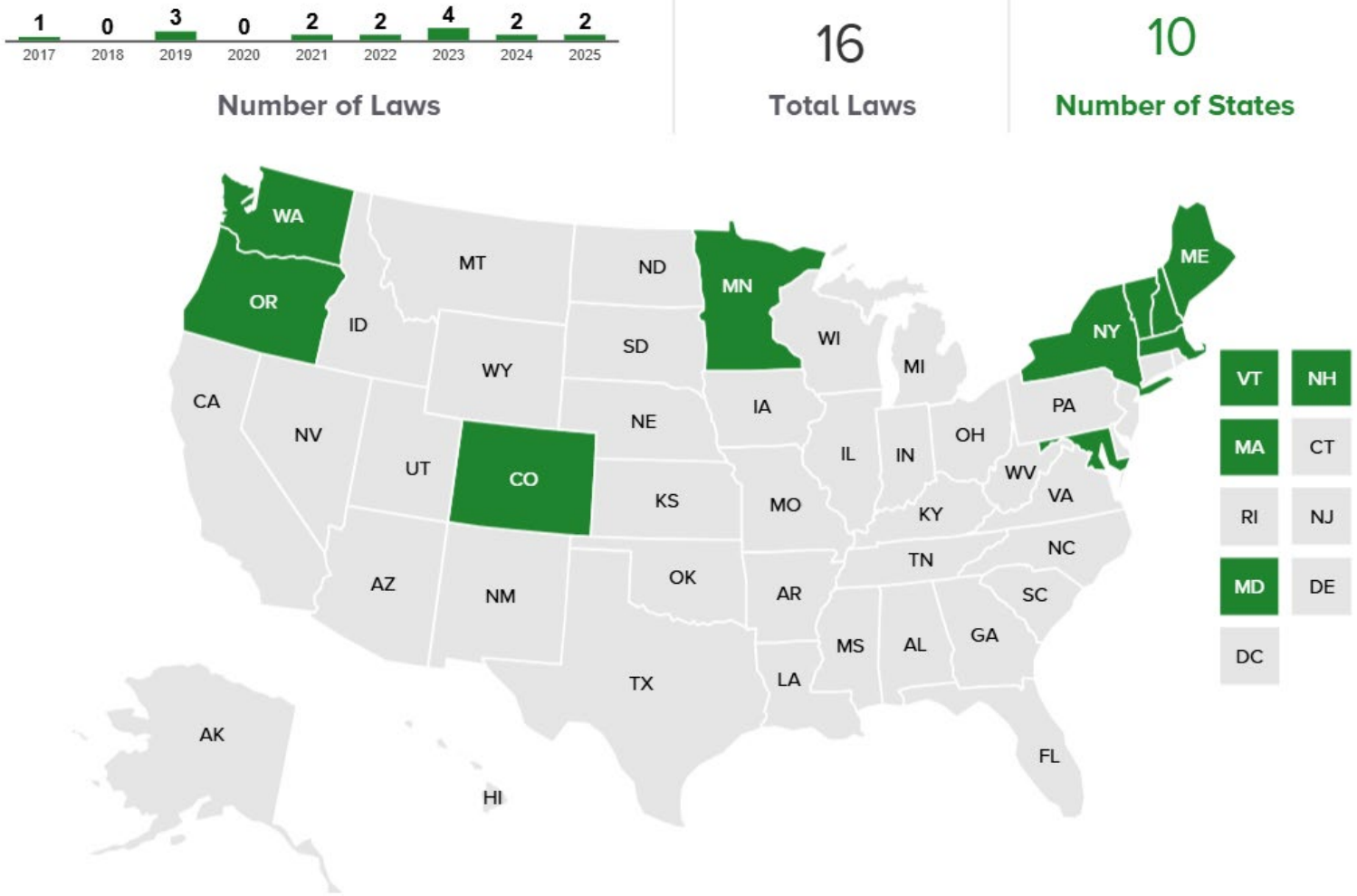


Source:Avalere Health

Prescription Drug Cost Strategies

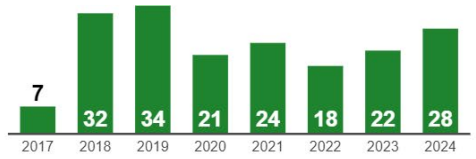
- In 2025, at least 31 states have enacted nearly 70 laws designed to lower drug costs.
- States cannot lower drug prices directly with manufacturers but can address the drug supply chain to try to lower patients' out-of-pocket costs and reduce spending in state-run health plans.
- Nearly two-thirds of new state laws are aimed at pharmacy benefit managers, according to NASHP.
- However, there are many differing views on the efficacy and unintended consequences of various policies.

State Laws Passed to Lower Prescription Drug Costs, 2017-2025: Affordability Review



Source:NASHP

State Laws Passed to Lower Prescription Drug Costs, 2017-2024: Pharmacy Benefit Manager



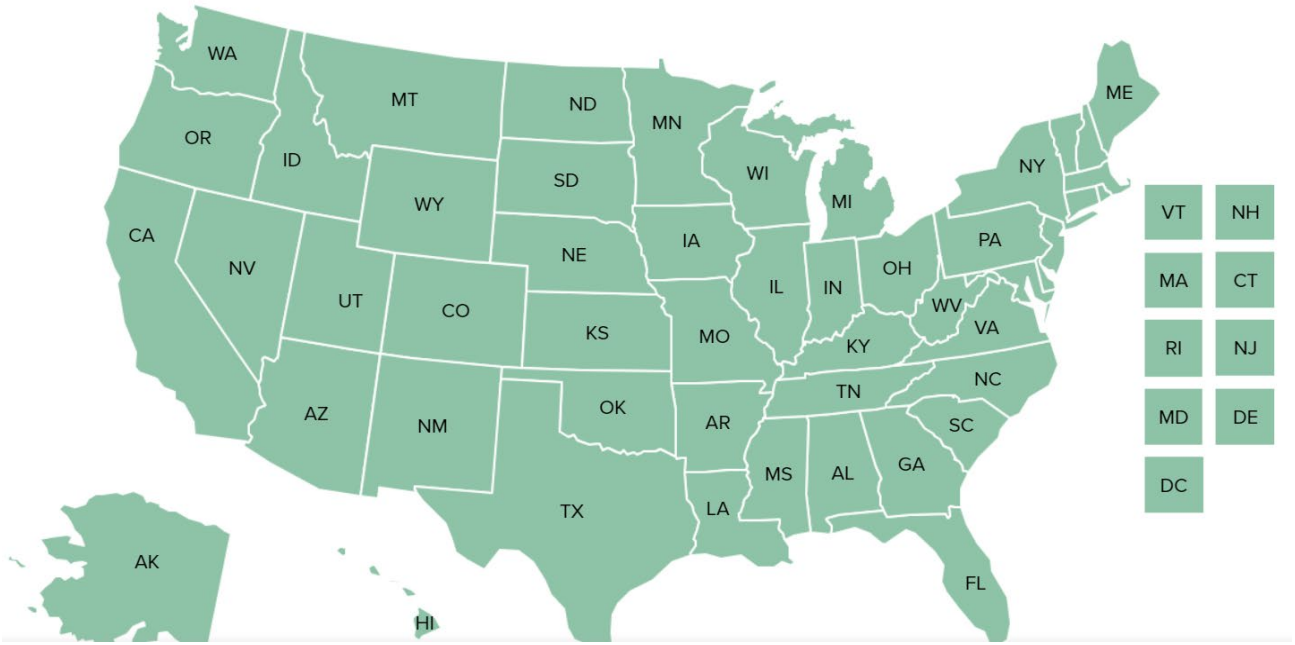
Number of Laws

186

Total Laws

50

Number of States



Source:NASHP

State Laws Passed to Lower Prescription Drug Costs, 2017-2025: Consumer Cost Sharing

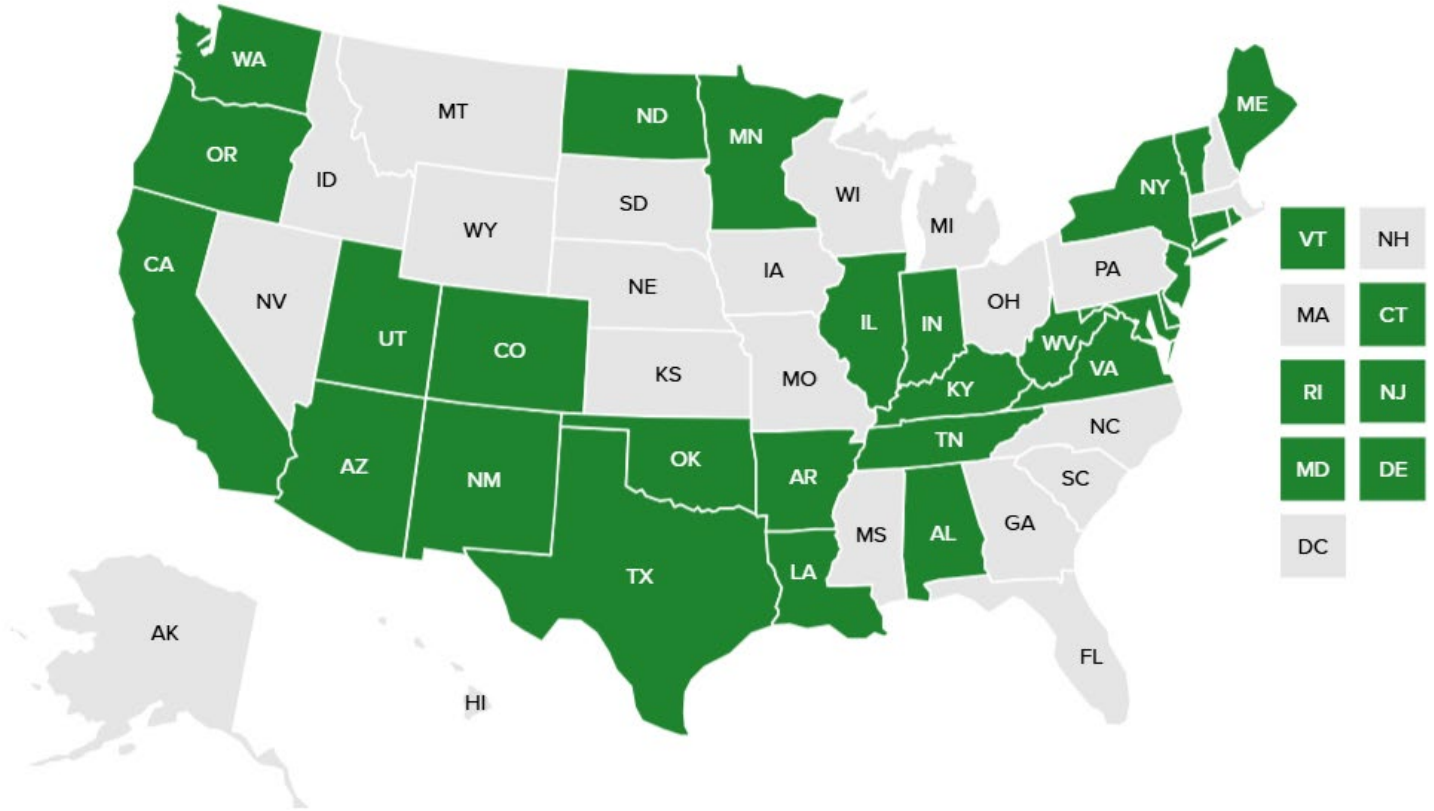
Number of Laws

59

Total Laws

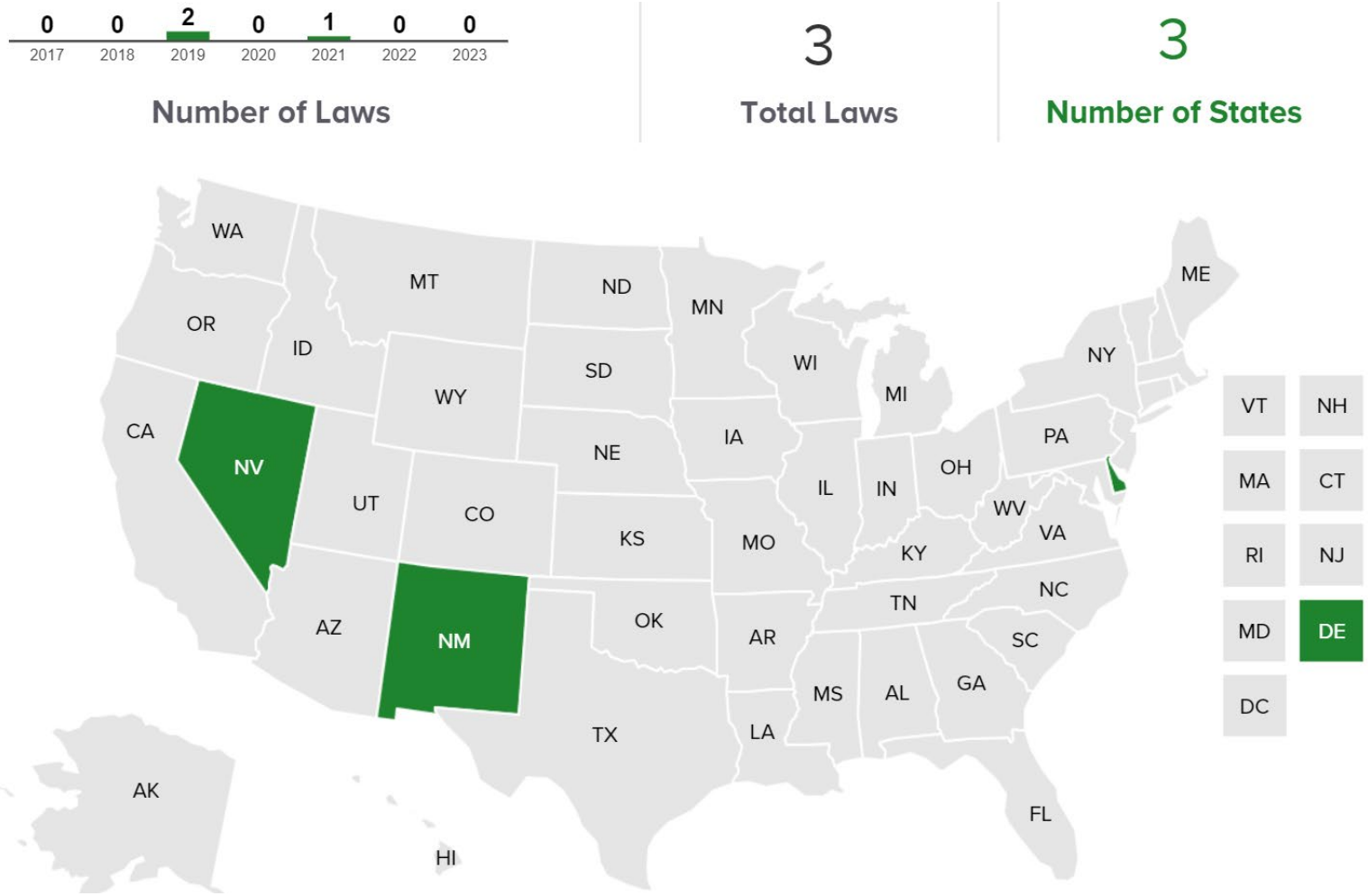
28

Number of States



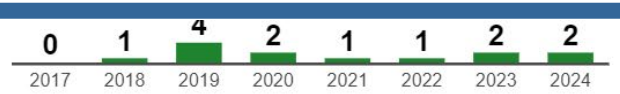
Source:NASHP

State Laws Passed to Lower Prescription Drug Costs, 2017-2025: Volume Purchasing



Source:NASHP

State Laws Passed to Lower Prescription Drug Costs, 2017-2025: Importation



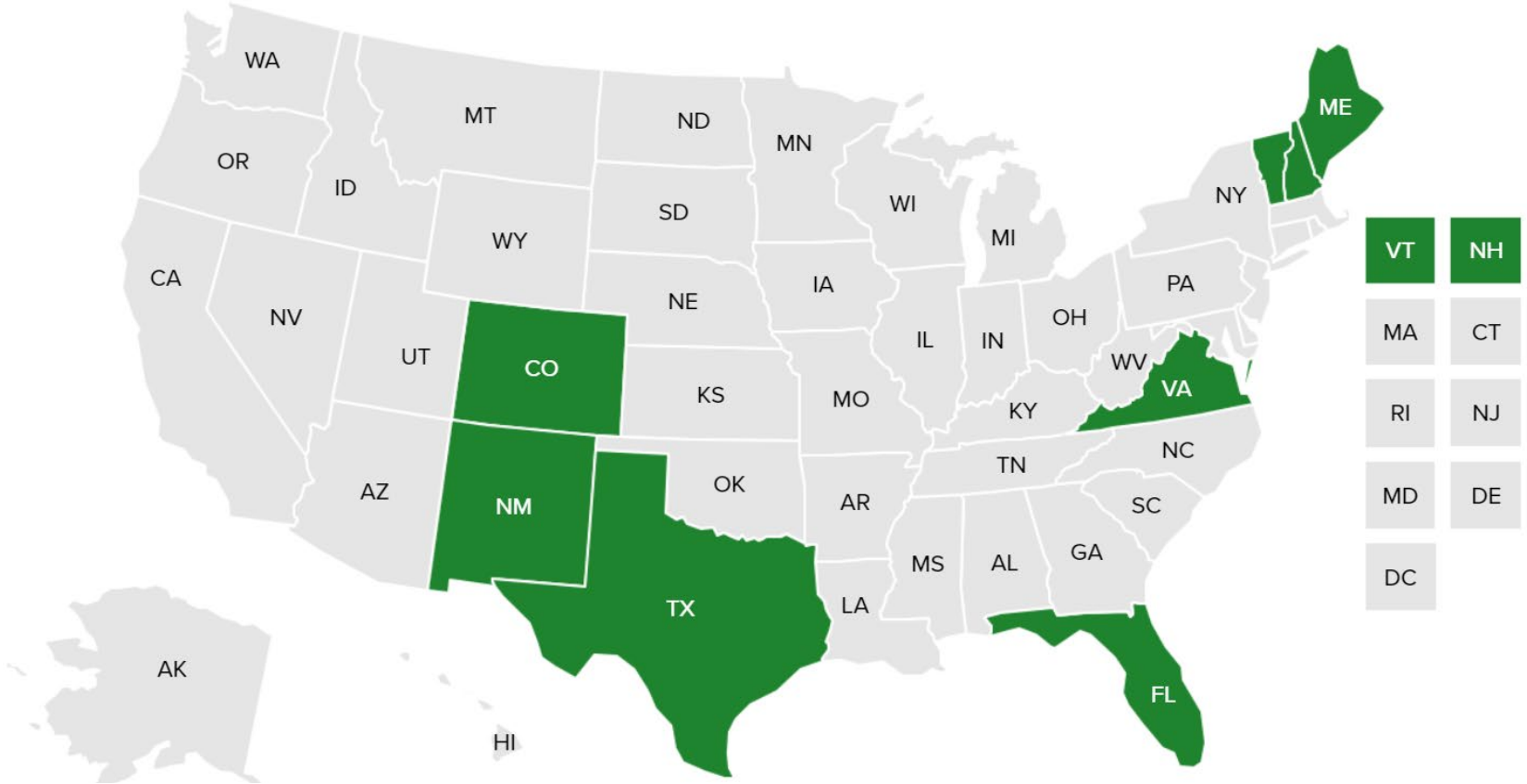
Number of Laws

13

Total Laws

8

Number of States



Source:NASHP

State Laws Passed to Lower Prescription Drug Costs, 2017-2025: Transparency

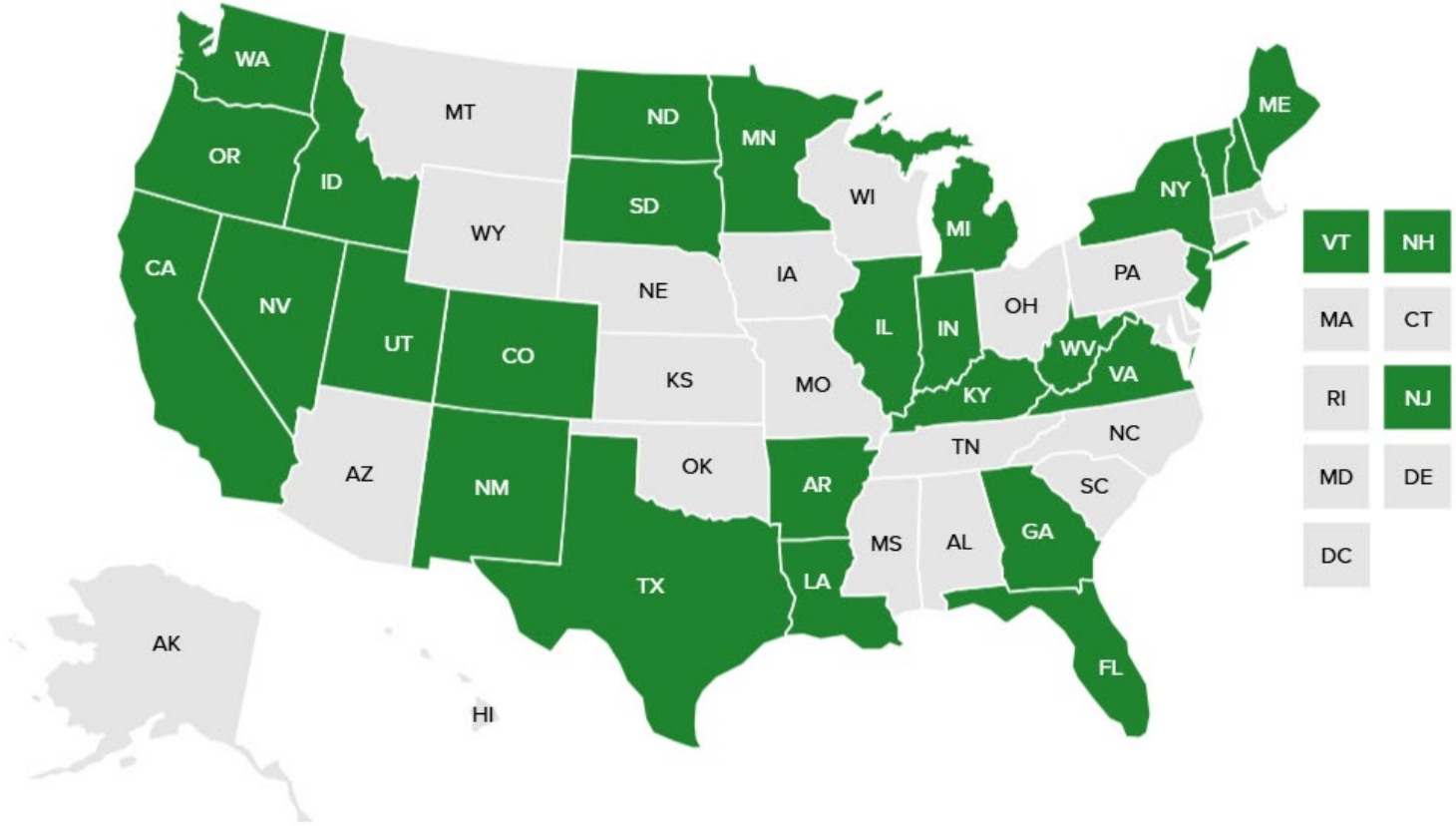
Number of Laws

42

Total Laws

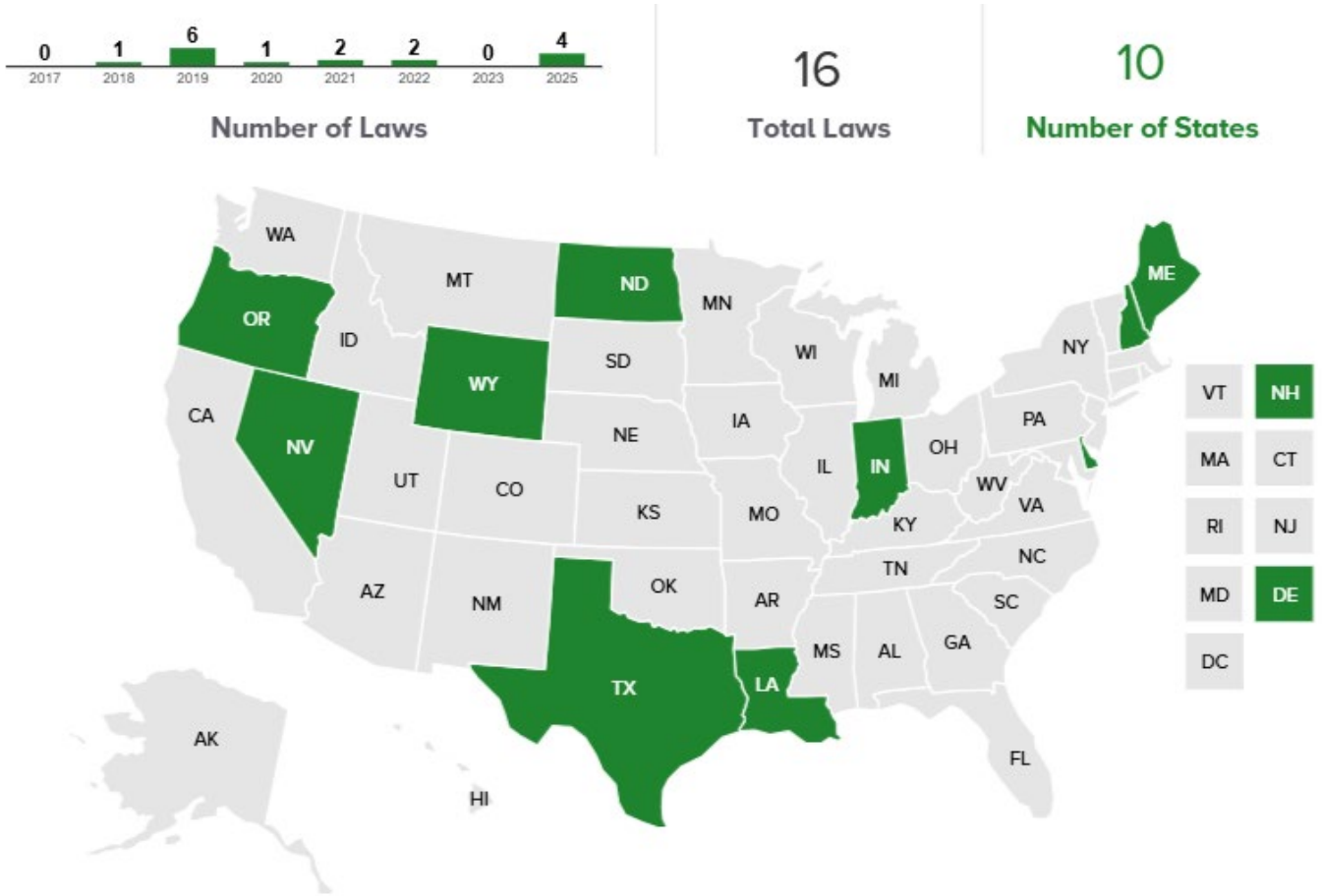
27

Number of States



Source:NASHP

State Laws Passed to Lower Prescription Drug Costs, 2017-2025: Commission Studies



Source:NASHP

States Across the Country Have Different Results in Costs from CY2019 - CY2023

State	Total % Change Cost/Script CY2019-CY2023	State Rank
CA	86.59%	51
LA	74.84%	50
NV	71.40%	49
NE	68.42%	48
MI	67.48%	47
OH	62.02%	46
MN	60.56%	45
KY	59.59%	44
DE	57.40%	43
MA	54.49%	42
IL	51.55%	41
MT	50.80%	40
NM	41.74%	33
KS	21.00%	10
RI	20.64%	9
GA	17.40%	8
TX	17.16%	7
AR	16.00%	6
IN	15.64%	5
NH	10.56%	4
SC	9.48%	3
OR	9.38%	2
MO	8.06%	1

Source: LFC Analysis of Medicaid PUF Files

- New Mexico ranks 33rd when analyzing changes in the cost of prescriptions over the last 5 years
- States have taken different tactics to try to curb the trend for prescription drug costs while still allowing their citizens broad access to medications
- Each State may have had changes to their Medicaid populations over the years that could impact the rate of trend

Medicaid PUF files exclude low volume prescriptions and prescriptions reimbursed through 340B. Data does not include rebates

Oregon Pharmaceutical Cost Containment Strategies

- Established Prescription Drug Affordability Board, charged with annually identifying nine drugs and at least one insulin product that may create affordability challenges for healthcare systems or high out-of-pocket costs for patients.
- Required the Prescription Drug Affordability Board to develop a plan for establishing upper payment limits on drugs subject to affordability reviews.
- Capped the amount a carrier can require an enrollee to pay for a 30-day supply of insulin at $75, or 90-day supply at $225. The Department of Consumer and Business Services shall annually adjust the maximum cost by the percentage increase in the cost of living for previous year, based on changes in the Consumer Price Index.
- Required a health plan or pharmacy benefit manager (PBM) to include any amounts paid by the enrollee or on behalf of the enrollee when calculating an enrollee's overall contribution to any cost-sharing requirements if the drug does not have a generic equivalent or the drug has a generic equivalent and the enrollee has obtained prior authorization from the insurer or PBM.
- Prohibited a PBM from requiring a prescription to be filled by a mail order pharmacy as a condition for reimbursing the cost of the drug.
- Required a PBM to place a drug on a list of drugs for which maximum allowable costs have been established only if there are at least two multiple source drugs or at least one generic drug generally available for purchase as well.

Oregon Strategies(continued)

- Prohibited a health insurer or PBM to require an enrollee to obtain a covered clinician-administered drug from a pharmacy selected by the insurer or PBM, obtain a drug from a specific pharmacy, or assess higher cost-sharing amounts for drugs obtained from a pharmacy not selected by the insurer or PBM.
- Established a PBM shall submit any contract with a pharmacy services administrative organization to the Department of Consumer and Business Services.
- Required the health authority to study cost differences in pharmaceuticals used primarily by men and women.
- Required drug manufacturers to annually report prices of prescription drugs and costs associated with developing and marketing drugs to the Department of Consumer and Business Services.
- Required drug manufacturers to report any increase in the price of drugs at least 60 days before increase.
- Required pharmaceutical representatives to obtain a license. A licensed pharmacy representative cannot fail to disclose the wholesale acquisition cost of a drug or the availability of a generic alternative.
- Required the Oregon Health Authority to conduct a survey of retail pharmacy providers enrolled as Medicaid providers to determine the costs for dispensing drugs. If the survey indicated a change is needed in the professional dispensing fee reimbursement, OHA shall submit a request to CMS for a state plan amendment.

Other State Pharmaceutical Cost Containment Strategies

Missouri

- Prohibited a PBM from including a provision in a contract with a pharmacy or pharmacist that requires a covered person to make a payment for a prescription drug at the point of sale in an amount that exceeds the lesser of the copayment or the cash price. This measure also allows a pharmacist to provide a covered person cost sharing information and information about alternative medications.

Delaware

- Directs the state employee benefits committee (SEBC) and the secretary of human resources to engage with independent consultants and other supply chain tactics for cost containment of prescription drugs for state employees and retirees' insurance programs.

Illinois

- Prohibits a PBM from engaging in spread pricing. Also prohibits a PBM from steering covered individuals to affiliated pharmacies. Illinoiis now requires a PBM or rebate aggregator to remit all rebates to the plan sponsor, covered individual, or employer and the PBM to file an annual report. Requires PBMs to pay a $15 per-enrollee fee to fund administration and to fund grants to provide financial support for community pharmacies in rural counties, low-income communities and medically underserved areas.

Source: NASHP

NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE

For More Information

- https://www.nmlegis.gov/Entity/LFC/Default
  - Session Publications – Budgets
  - Performance Report Cards
  - Program Evaluations

325 Don Gaspar – Suite 101
Santa Fe, NM 87501
505-986-4550

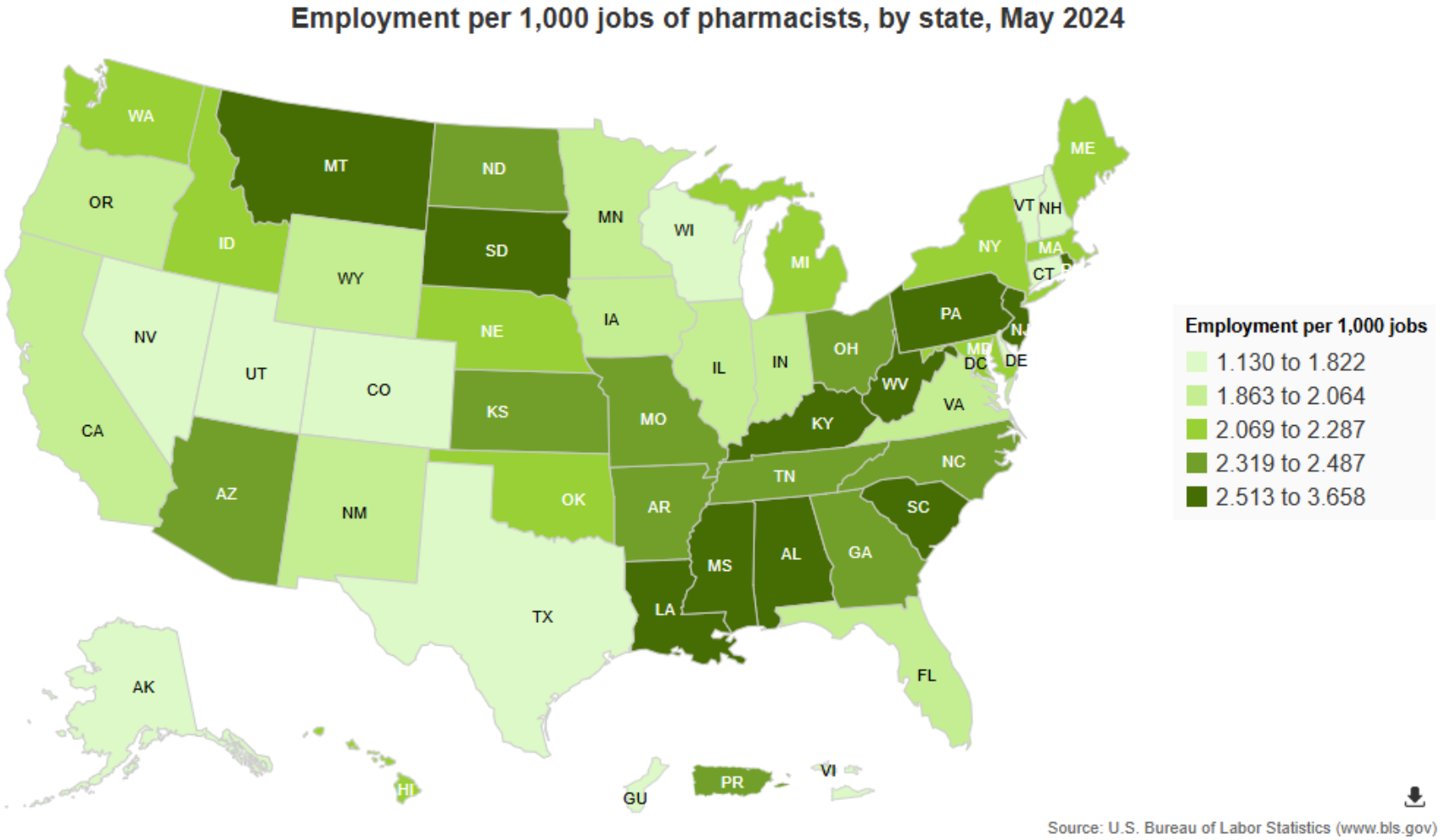
Appendices

Employment of Pharmacists, by State, 2023

NEW MEXICO EMPLOYMENT: 1,770

EMPLOYMENT PER 1,000: 2.06

ANNUAL MEAN WAGE: $135,670



Annual Mean Wage of Pharmacists, by State, 2024

NEW MEXICO MEAN WAGE

ANNUAL $135,670

HOURLY $65.23

PERCENTILE WAGES

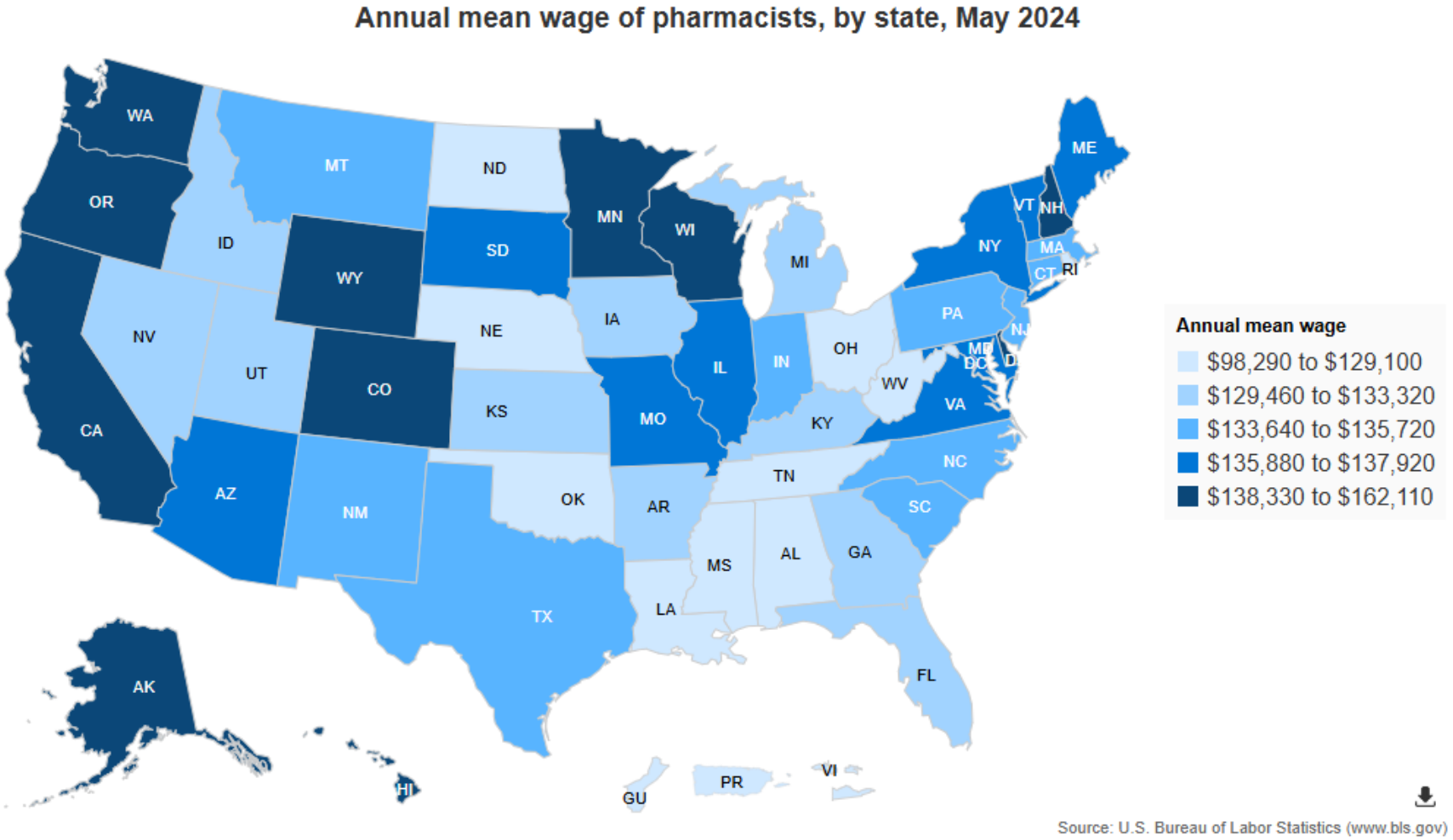
10TH: $86,930

25TH: $127,250

50TH: $137,480

75TH: $158,620

90TH: $172,040



Source: U.S. Bureau of Labor Statistics (www.bls.gov)

Employment of Pharmacists, by Area, 2024

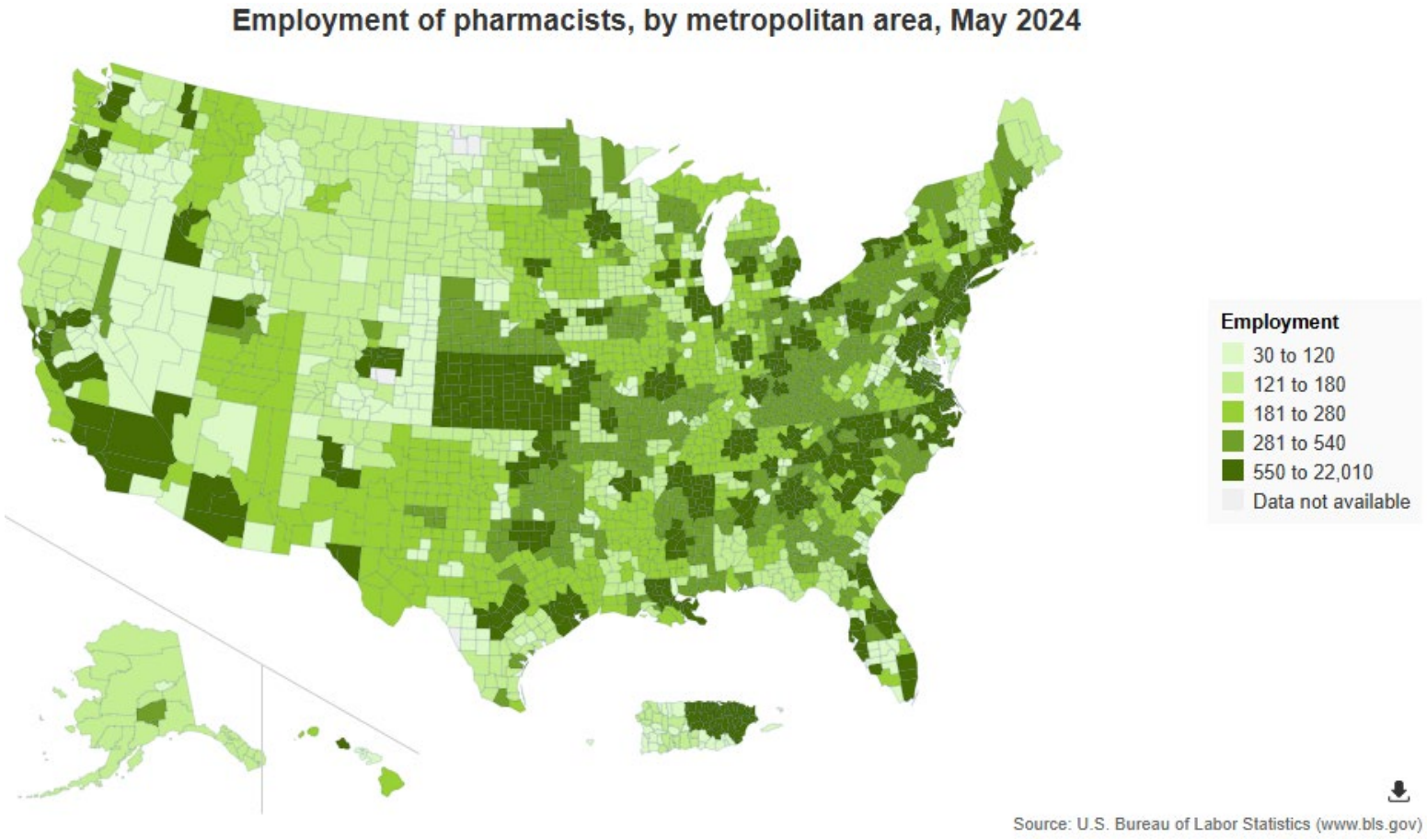
ALBUQUERQUE, 1,010

EASTERN NM, 220

NORTHERN NM, 170

LAS CRUCES, 120

FARMINGTON, 90



Annual Mean Wage of Pharmacists, by Area, 2024

SANTA FE, $135,900

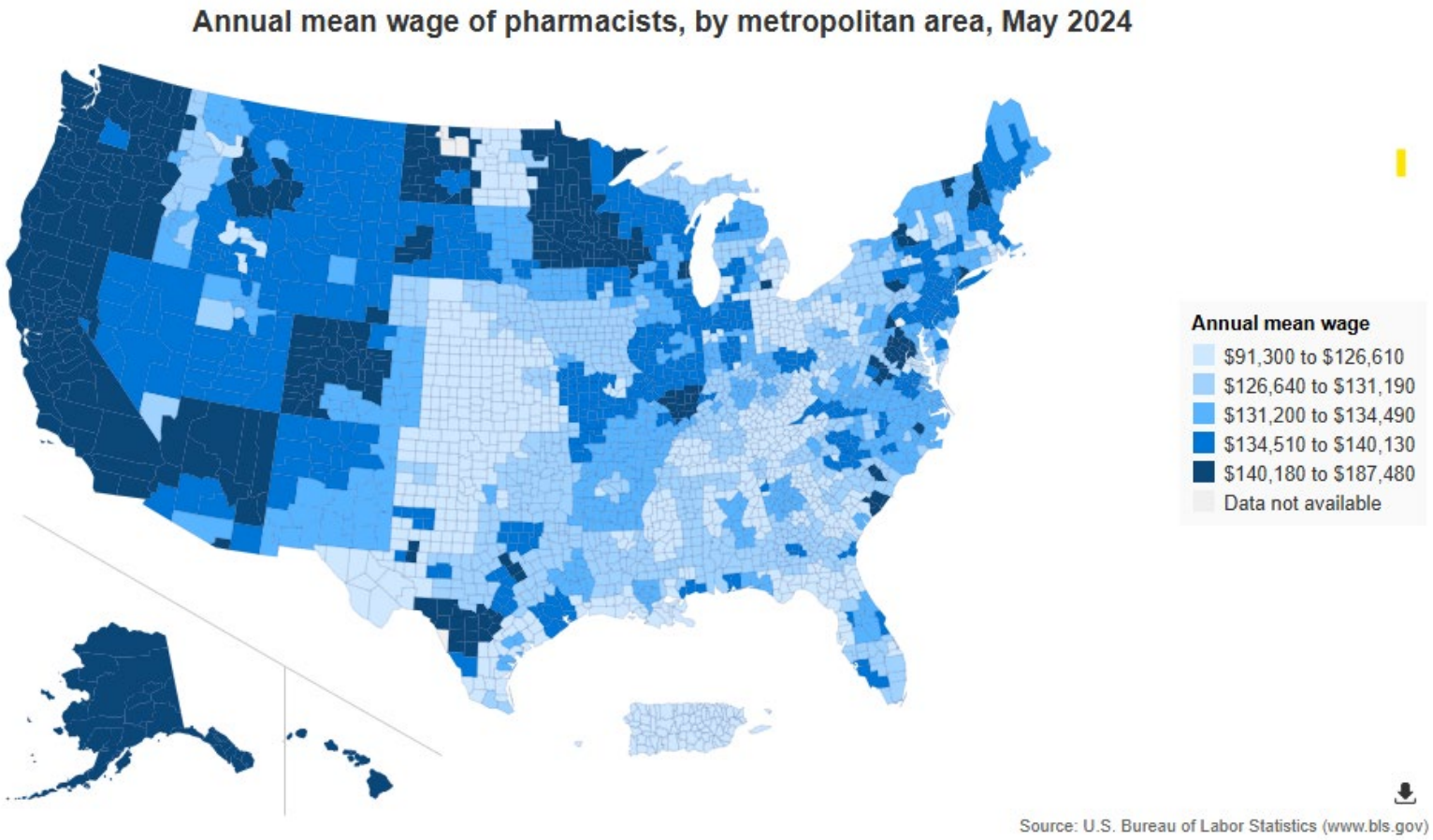
EASTERN NM, $132,000

ALBUQUERQUE AREA, $136,300

FARMINGTON, $137,840

NORTHERN NM, $138,160

LAS CRUCES, $133,410



Definitions

Carve In/Carve Out

- Carve in: Pharmacy benefits are included in MCO contract
- Carve out: Pharmacy benefits are not included in MCO contract with pharmacy benefits provided through FFS
- Hybrid: pharmacy remains carved in but the state selects a single PBM

Drug Carve Out: Certain drugs are carved out of MCO covered benefit and paid through FFS, eliminating MCO risk

Pharmacy Audits: Steps taken to identify potential audit triggers in a pharmacy practice (CMS guidance for conducting audit)

Prohibit Clawbacks/Retrospective Denials- State cannot reclaim payments, except for cases of fraud, abuse, or errors.

Maximum Allowable Cost (MAC)- Establishes a ceiling for reimbursement

Definitions

Spread Pricing Restrictions – The state pays only the actual cost of the drug and dispensing fee

Value Based Purchasing Supplemental Rebate Agreement- Additional rebates tied to drug's impact on Medicaid outcomes

Risk Corridors: State and MCO share risk by limiting the amount of potential losses beyond a set threshold

Risk Pools: A portion of each MCO's capitation rates are paid into the pool and funds are redistributed based on utilization

Prohibit Gag Clause- Pharmacies must be transparent if costs of drug are lower when paid out of pocket

Network Adequacy- Medicaid enrollees have access to an adequate number of pharmacies.

Reimbursement Requirement– Medicaid sets payment rate for drugs, dispensing fees

Cost Controls Performed by PBM

Utilization management (n =28 states)

Drug utilization review (DUR) (n = 28 states)

Claims processing/payment (n = 26 states)

Rebate administration (n = 24)

Prescription Drug List (PDL) management (n =20 states)

References

NASHP State Pharmacy Benefit Manager Legislation (Oct 2024)

Healthcare Management Associates (HMA), Highlights from HMA Survey on State Approaches to Managing the Medicaid Pharmacy Benefit (Sept 2024)

HMA, State Approaches to Managing the Medicaid Pharmacy Benefit (Aug 2024)

NCSL, State Policy Options and Pharmacy Benefit Managers (Dec 2024)