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FISCAL IMPACT REPORT



SPONSOR: Knauer DATE TYPED: 2/1/02 HB HJM 21

SHORT TITLE: Federal "Best Price" of Prescription Drugs SB _____

ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
			NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates HB 149; SB238; HB 264 and SJM 22

SOURCES OF INFORMATION

Responses Received From

Department of Health (DOH)
 Health Policy Commission (HPC)
 Attorney Generals Office (AGO)

SUMMARY

Synopsis of Bill

House Joint Memorial 21 requests the United States Congress to enact legislation that would establish a single uniform federal "best price" or low price of prescription drugs to eliminate disparities in discounting among federal purchasers.

Significant Issues

Currently there is wide variation in the discounts available to federal purchasers for discounted prescription drugs. Prices for these drugs are subject to a complicated array of federal regulations and the range of discounted prices may vary by as much as twenty percent.

HPC reports that the populations served by federal purchasers are more likely to be of low-income and have few resources to pay for prescription drugs.

RELATIONSHIP

SJM 22 (free drug programs for low income persons);
SB238 (a prescription drug discount program);
HB 264 (a prescription drug fair pricing act);
HB 149 (for the State Agency on Aging to assess the potential for establishing a prescription bulk purchasing program utilizing the special prescription drug purchasing prerogatives of one or more Native American prescription drug programs).

OTHER SUBSTANTIVE ISSUES

The monthly costs for senior citizens' prescription drugs average four hundred fifty dollars (\$450) per month, which Medicare does not cover. There is substantial information in the press highlighting the circumstances in which many senior citizens find themselves, such as having to choose between purchasing prescription drugs and basic necessities such as food, housing, clothing and utilities.

ALTERNATIVES

The AGO states that the bill provides an alternative of establishing a prescription drug program like Florida or Michigan's to secure more favorable pricing for New Mexico state government when agencies are purchasers. These programs involve establishing a preferred formulary for which the State receives more favorable pricing through negotiations. The Michigan program is expected to save \$42 million in Medicaid costs.

BD/njw