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FISCAL IMPACT REPORT

SPONSOR: Papen DATE TYPED: 03/19/03 HB _____
 SHORT TITLE: Medicaid Mental Illness Medications SB 822/aSPAC/aHGUAC
 ANALYST: Weber

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|---------------|----------------------|---------------|
| FY03 | FY04 | FY03 | FY04 | | |
| | | | See Narrative | | |
| | | | | | |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Responses Received From
 Human Services Department (HSD)
 Department of Health (DOH)
 Regulation and Licensing-Board of Pharmacy (RLD)

SUMMARY

Synopsis of HGUAC Amendment

The House Government and Urban Affairs Committee amendment makes the following changes.

1. On page 2, lines 7 and 8 strike “Requirements for prior authorization shall not apply to prescription drugs, including” and insert thereof “The department shall ensure that”.
2. On page 2, line 9, strike “and conventional antipsychotic”.
3. On page 2, line 9, strike “, prescribed” and insert in lieu thereof “are available in the same manner as conventional antipsychotic medications.”.

These changes make new subsection D read:

The department shall ensure that atypical antipsychotic medications are available in the same manner as conventional antipsychotic medications for medicaid patients being treated for severe mental illnesses that are listed in a current national diagnostic and statistical manual of mental disorders published by a national psychiatric association, including schizophrenia, clinical depression, bipolar disorder, anxiety-panic attack disorder and obsessive compulsive disorder."

Senate Bill 822/aSPAC/aHGUAC -- Page 2

The revised language negates the original intent of Senate Bill 822. This amendment omits the prior authorization exemption for drugs prescribed for mental illnesses which was a key element of the original bill.

Synopsis of SPAC Amendment

On page 2, line 10, strike “being treated” and after “for” insert “the treatment of”. This Senate Public Affairs Committee amendment does not change the intent or potential impact of Senate Bill 822.

Synopsis of Original Bill

Senate Bill 822 (SB 822) would amend Section 27-2C-3 NMSA 1978 to add a new subsection (D) stipulating that requirements for prior authorization shall *not* apply to prescription drugs – including atypical anti-psychotic and conventional anti-psychotic medications – that are prescribed for Medicaid patients being treated for severe mental illnesses that are listed in the Diagnostic and Statistical Manual (DSM). The bill also makes slight revisions to clarify language in subsection A and a reference in subsection C.

Significant Issues

HSD notes that Section A of SB 822 calls for the implementation of a preferred drug list (PDL), “taking into consideration the clinical efficacy, safety and cost-effectiveness of a product”. This is a dynamic, clinically current document, which would be unduly constrained under Section D. If science-based research fails to substantiate clinical efficacy, or raises safety or cost-effectiveness concerns, this section would hamper efforts to constrain potentially inappropriate uses of drugs.

DOH offers a slightly counter view indicating that many individuals with severe mental illnesses require ongoing use of antipsychotic medications that currently require prior authorization. This authorization review often interferes with the timely provision of appropriate and beneficial therapy. In addition, the repetitious prior authorization process interferes with efficient and effective treatment. RLD concurs and states this change provides faster treatment for those patients with severe mental illness and potentially save lives.

FISCAL IMPLICATIONS

The fiscal impact is indeterminate but it is assumed that less restrictive drug management will result in increased Medicaid pharmacy expenditures.

MW/sb:njw