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FISCAL IMPACT REPORT

ORIGINAL DATE 02/23/11
 SPONSOR SPAC LAST UPDATED 03/08/11 HB _____
 SHORT TITLE Orally Administered Anticancer Medications SB CS/385/aSCORC
 ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	N/A		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Unknown- Significant	Unknown- Significant	Unknown- Significant	Recurring	GF/FF/OSF— Nonprofit Healthcare Service Providers; Health Care Service Provider Organizations

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)
 Human Services Department (HSD)
 Department of Health (DOH)
 University of New Mexico (UNM)

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee Amendment to the Senate Public Affairs

Committee Substitute for Senate Bill 385 (SB385/SPACS/aSCORC) provide for the following:

- Add a new section of law defining individual “insurer” or “health plan” as a health insurers; nonprofit health service provider; health maintenance organization; managed care organization; or a provider service organization.
- Exclude individual health insurance policies intended to supplement major medical coverage or other limited-benefit health insurance policies.
- Add a new section of law defining a group “insurer” or “blanket or group health insurance plan” as a health insurer; nonprofit health service provider; health maintenance organization; managed care organization; or a provider service organization.
- Exclude group health insurance policies intended to supplement major medical coverage or other limited-benefit health insurance policies.
- Add a new section of law defining health maintenance organization contracts as a health maintenance organization; or a managed care organization.
- Exclude HMO individual policies intended to supplement major medical coverage or other limited-benefit health insurance policies.
- Add a new section of law defining nonprofit health care plans as a nonprofit health insurer; nonprofit health service provider; nonprofit health maintenance organization; or a nonprofit provider service organization.
- Exclude nonprofit health care plans intended to supplement major medical coverage or other limited-benefit health insurance policies.

Synopsis of SPAC Substitute

The Senate Public Affairs Committee Substitute for Senate Bill 385 (SB385/SPACS) would enact new sections to the Health Care Purchasing Act, the Health Maintenance Organization Law, and the New Mexico Insurance Code to require coverage for orally administered anticancer medications on a basis no less favorable than for intravenously administered or injected cancer medications that are covered as medical benefits. SB385/SPACS also includes language that an insurer shall not increase patient cost-sharing for anticancer medications in order to achieve compliance with the provisions of the bill.

FISCAL IMPLICATIONS

The SCORC amendments to SB385/SPACS create a new class of insurers including nonprofit healthcare service providers and healthcare service provider organizations. The costs of these new insurer arrangements proposed in the SCORC amendments to SB385/SPACS are unknown as well as the liability issues for nonprofit healthcare service providers and healthcare service provider organizations. Additionally, the federal Patient Protection and Affordable Care Act incentivizes creation of service provider organizations such as Accountable Care Organizations (ACOs) and Medical Homes, and the impact of the provisions of SB385/SPACS/aSCORC is unknown and potentially significant.

The Human Services Department (HSD) indicates the items proposed by SB385/SPACS are currently covered by New Mexico’s Medicaid program.

OTHER SUBSTANTIVE ISSUES

The Department of Health writes “Historically, intravenous therapies have been the predominant route for administering anticancer drug therapy. Although oral cytotoxic and hormone products have been available for decades, the past ten years has seen accelerated development of oral anticancer drugs, particularly biologics. Experts estimate that more than one quarter of the 400 chemotherapeutic drugs now in the development pipeline are planned as oral drugs. (Milliman, Inc., *Parity for Oral and Intravenous/Injected Cancer Drugs*, 2010, accessed at: <http://publications.milliman.com/research/health-rr/pdfs/parity-oral-intravenous-injected.pdf>). Oral chemotherapy medications have become safe and effective treatment of several types of cancer including breast, colorectal, leukemias and lung cancers.

Evidence-based treatment guidelines, including those issued by the national comprehensive cancer network, recommend various combinations of chemotherapy depending on the particular cancer and stage. These recommendations are made without regard to the route of administration.

Infused and oral medications typically have different dispensing sites, and the dispensing site often defines which portion of the health benefit applies. Intravenous medication, most often administered in a physician’s office or hospital outpatient infusion center, is generally covered as a physician service of hospital outpatient service and defined as medical benefits. Oral anticancer medication is typically dispensed by a pharmacy and covered under a pharmacy benefit. Oral chemotherapy medications may not be covered or have a set benefit under a pharmacy benefit plan. Injected anticancer medication may be self-administered and covered under a pharmacy benefit or administered in a physician’s office or outpatient hospital setting and covered under a medical benefit.

As a percent of all covered medical benefits, average patient cost sharing for an average covered medical benefit is lower, and cost sharing for the prescription benefit as a percent of covered prescription benefits is higher (Milliman, Inc., *Parity for Oral and Intravenous/Injected Cancer Drugs*, 2010, accessed at: <http://publications.milliman.com/research/health-rr/pdfs/parity-oral-intravenous-injected.pdf>).

Since the beginning of 2009, oral/infused chemotherapy parity legislation has passed in four states (Indiana, Hawaii, Vermont, Iowa) and the District of Columbia, and has been introduced in 20 other states (Milliman, Inc., *Parity for Oral and Intravenous/Injected Cancer Drugs*, 2010, accessed at: <http://publications.milliman.com/research/health-rr/pdfs/parity-oral-intravenous-injected.pdf>).“

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