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HOUSE JOINT MEMORIAL 4

**52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

INTRODUCED BY

Deborah A. Armstrong

A JOINT MEMORIAL

REQUESTING THAT A PHARMACEUTICAL PRICING TASK FORCE BE CONVENED TO STUDY AND MAKE RECOMMENDATIONS ON PHARMACEUTICAL PRICING AND HOW TO MITIGATE THE EFFECTS OF RISING PHARMACEUTICAL PRICES.

WHEREAS, according to the Kaiser family foundation, pharmaceutical costs have been increasing an average of eight and three-tenths percent per year since 1994, far beyond the regular rate of inflation; and

WHEREAS, health care expenditures constitute an increasing percentage of the state budget; and

WHEREAS, a number of states have taken action to control the prices of pharmaceuticals; and

WHEREAS, seventy-six percent of Americans say their top health priority is ensuring that high-cost pharmaceuticals used to treat chronic conditions remain affordable, according to a

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1 Kaiser family foundation poll; and

2 WHEREAS, even for patients with insurance, the average  
3 out-of-pocket expense still averages twenty percent to twenty-  
4 five percent of the cost of prescription drugs; and

5 WHEREAS, for specialty pharmaceuticals used to treat  
6 conditions such as hepatitis C and multiple sclerosis, the  
7 pharmacy benefits manager express scripts predicts spending  
8 will rise twenty percent per year, more than four times the  
9 cost of health care overall; and

10 WHEREAS, there are market middlemen called pharmacy  
11 benefits managers that operate without much transparency; and

12 WHEREAS, pharmacy benefits managers are able to make  
13 considerable profits by charging payers and paying pharmacies  
14 according to terms highly favorable to pharmacy benefits  
15 managers; and

16 WHEREAS, New Mexico has enacted legislation that charges  
17 the office of superintendent of insurance to control the  
18 pharmacy benefits manager industry and set caps on generic drug  
19 pricing; and

20 WHEREAS, there is currently no price transparency for  
21 pharmaceuticals, and this fact allows pharmaceutical companies  
22 and pharmacy benefits managers to set arbitrary prices for  
23 their products;

24 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE  
25 STATE OF NEW MEXICO that the director of the legislative

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1 finance committee be requested to convene a pharmaceutical  
2 pricing task force consisting of representatives from the human  
3 services department, the office of superintendent of insurance,  
4 the interagency benefits advisory committee and the legislative  
5 finance committee to study ways in which the state of New  
6 Mexico can take action to mitigate the effects of rising  
7 pharmaceutical prices; and

8 BE IT FURTHER RESOLVED that the pharmaceutical pricing  
9 task force be requested to report its findings and  
10 recommendations for mitigation of rising pharmaceutical prices  
11 to the governor, the human services department, the office of  
12 superintendent of insurance, the risk management division of  
13 the general services department, the retiree health care  
14 authority, the public school insurance authority, the  
15 Albuquerque public school district, the legislative health and  
16 human services committee and the legislative finance committee  
17 by October 1, 2016; and

18 BE IT FURTHER RESOLVED that copies of this memorial be  
19 transmitted to the governor, the director of the legislative  
20 finance committee, the secretary of human services, the  
21 superintendent of insurance, the director of the risk  
22 management division of the general services department, the  
23 director of the public school insurance authority, the  
24 superintendent of the Albuquerque public school district and  
25 the chair and vice chair of the legislative health and human

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1 services committee.

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