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SENATE MEMORIAL 99

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017

INTRODUCED BY

Jeff Steinborn

A MEMORIAL

REQUESTING THE LEGISLATIVE FINANCE COMMITTEE TO COMPILE
INFORMATION RELATING TO PRESCRIPTION DRUG AND PHARMACY BENEFITS
COSTS FROM CERTAIN STATE AGENCIES AND PREPARE FINDINGS AND
RECOMMENDATIONS FOR ACHIEVING GREATER STATE AGENCY SAVINGS IN
PRESCRIPTION DRUG AND PHARMACY BENEFITS PURCHASING TO THE
LEGISLATIVE FINANCE COMMITTEE AND THE LEGISLATIVE HEALTH AND
HUMAN SERVICES COMMITTEE.

WHEREAS, state government, through its agencies, purchases
many millions of dollars worth of prescription drugs and
pharmacy benefits in its administration of direct health care
through public health programs and health facilities as well as
health coverage programs such as medicaid and coverage for
state employees, retirees and their dependents; and

WHEREAS, a September 28, 2016 health note published by the

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1 legislative finance committee reported that in state fiscal
2 year 2016, the ten New Mexico state agencies that purchase
3 prescription drugs or pharmacy benefits spent a combined total
4 of over six hundred eighty million dollars (\$680,000,000), up
5 from four hundred forty-two million dollars (\$442,000,000) in
6 state fiscal year 2014, or an increase of approximately
7 fifty-four percent; and

8 WHEREAS, the legislative finance committee health note
9 reported that in the medicaid program there was an eighty-three
10 percent increase in pharmacy benefits spending from fiscal year
11 2014 to fiscal year 2016; and

12 WHEREAS, while the legislative finance committee health
13 note reported that the corrections department costs increased
14 one hundred eighty-seven percent for prescription drugs to
15 treat certain conditions, the corrections department "appears
16 unable to fully account for its spending"; and

17 WHEREAS, the legislative finance committee health note
18 reported a three hundred nine percent increase in the price of
19 prescription hepatitis C drugs alone from 2014 to 2016; and

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

25 WHEREAS, according to the Kaiser family foundation,

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1 pharmaceutical costs have been increasing an average of eight
2 and three-tenths percent per year since 1994, far beyond the
3 regular rate of inflation; and

4 WHEREAS, rebates for pharmaceuticals are limited to a
5 percentage of the original price set by manufacturers, which
6 continue to rise with more frequency; and

7 WHEREAS, a Connecture study showed that the price of over
8 four hundred generic pharmaceuticals increased more than one
9 thousand percent between 2008 and 2015; and

10 WHEREAS, many specialty pharmaceuticals are priced higher
11 in the United States than in other developed countries; and

12 WHEREAS, the prices of important prescription drugs
13 purchased with public dollars are not currently available to
14 the taxpayers, researchers and other interested parties; and

15 WHEREAS, some experts believe that savings may result from
16 state agencies working together more closely to share
17 administrative efficiencies and economies of scale by
18 purchasing prescription drugs and pharmacy benefits in common;

19 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE
20 OF NEW MEXICO that the legislative finance committee staff be
21 requested to compile from all state agencies identified in its
22 health note, "Prescription Drug Costs: Maximizing State Agency
23 Purchasing Power", namely the children, youth and families
24 department, the corrections department, the department of
25 health, the human services department, the Albuquerque public

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1 school district, the public school insurance authority, the
2 risk management division of the general services department,
3 the university of New Mexico and the university of New Mexico
4 hospitals, the following information:

5 A. each of the thirty most utilized prescription
6 drugs purchased by each agency either directly or through a
7 pharmacy benefits plan;

8 B. each of the thirty prescription drugs that have
9 the highest per unit price;

10 C. each of the thirty prescription drugs with the
11 highest price growth between state fiscal year 2012 and state
12 fiscal year 2016; and

13 D. each of the thirty prescription drugs that
14 constitute the greatest expenditure to the agency budget; and

15 BE IT FURTHER RESOLVED that for each prescription drug
16 that the legislative finance committee staff identifies, that
17 it compile the following information on those prescription
18 drugs purchased by state agencies either directly or through
19 pharmacy benefits procurement:

20 A. reporting on the total fiscal impact on the
21 state budget for each prescription drug it identifies;

22 B. the per unit price paid by each agency for the
23 prescription drugs identified;

24 C. the price growth between state fiscal years 2012
25 and 2016 of the list price for each prescription drug it

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1 identifies; and

2 D. the total rebates captured by each agency for
3 the prescription drugs identified; and

4 BE IT FURTHER RESOLVED that the legislative finance
5 committee staff be requested to report its findings and
6 recommendations for achieving greater state agency savings in
7 prescription drug and pharmacy benefits purchasing to the
8 legislative finance committee and the legislative health and
9 human services committee by November 1, 2017; and

10 BE IT FURTHER RESOLVED that copies of this memorial be
11 transmitted to the chair and vice chair and director of the
12 legislative finance committee and to the legislative health and
13 human services committee.