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FISCAL IMPACT REPORT

SPONSOR Armstrong, D **ORIGINAL DATE** 2/26/19
LAST UPDATED 3/01/19 **HB** 578/aHHHC

SHORT TITLE Pharmaceutical Service Reimbursement Parity **SB** _____

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY19 | FY20 | FY21 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|-------------------------|------|-------------------------|---------------------------|---|
| Total | | See Fiscal Implications | | See Fiscal Implications | Recurring | General Fund, Federal Medicaid Matching Funds |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Albuquerque Public Schools (APS)
 Human Services Department (HSD)
 Medical Board (MB)
 NM Public School Insurance Authority (NMPSIA)
 Regulation and Licensing Department (RLD)
 UNM Health Sciences Center (UNMHSC)

Response Not Received From

General Services Department/Risk Management Division
 Office of Superintendent of Insurance (OSI)

SUMMARY

Synopsis of HHHC Amendments

The House Health and Human Services Committee amendments to House Bill 578 would require group health plans and the Medicaid program to reimburse certified pharmacist clinicians, or any pharmacists certified to provide a prescriptive authority service, for providing medical services within the scope of their licenses at the same level as other covered providers such as physicians or physician assistants.

Synopsis of Original Bill

House Bill 578 would require group health plans and the Medicaid program to reimburse pharmacists for providing medical services within the scope of their licenses at the same level as other covered providers such as physicians or physician assistants.

FISCAL IMPLICATIONS

HSD indicates the bill would require a change to the Medicaid fee schedule and the Medicaid program would need to provide direction to the Centennial Care managed care organizations (MCOs) requiring reimbursement to the advanced practice pharmacists at the same rate as a licensed physician or licensed physician assistant for certain services provided for pharmaceutical clinical services. HSD is unable to calculate a fiscal impact at this time.

SIGNIFICANT ISSUES

RLD indicates pharmacists are the most accessible health care providers, and are able to significantly improve patient care and outcomes, but the lack of reimbursement for these services serves as a disincentive. Pharmacists are able to prescribe vaccinations, emergency contraception, tobacco cessation, tuberculosis testing, naloxone, and hormonal contraception. A pharmacist performing these services is reimbursed for the cost of the drug rather than for the service provided, but reimbursement for consult services will encourage more pharmacists to perform these services. Because New Mexico is a rural state, this could encourage pharmacists to move to more rural communities.

A pharmacist clinician, under a supervising physician and collaborative practice protocol approved by the Board of Pharmacy and Medical board, is able to provide direct patient care services. The pharmacist clinician's specialized training and pharmacotherapy expertise are a great resource for the health and safety of New Mexicans, with potential for significant health care system cost savings through optimized therapy, treatment, and prevention of adverse drug-related outcomes. Lack of pharmacist reimbursement is a major impediment to pharmacist clinician practices.

PERFORMANCE IMPLICATIONS

UNMHSC notes HB578 would positively impact:

- Increased access to care,
- Decreased medication-related problems,
- Improved chronic disease state outcomes,
- Decreased hospitalizations and rehospitalizations, and
- Decreased cost of care,
 - For each dollar invested in the clinical pharmacy service over the period from 1988 to 2005, the overall average benefit gained was \$10.07 per \$1 of allocated funds.

HSD notes reimbursement for pharmaceutical clinical services could help to increase access to care for Medicaid beneficiaries.

APS notes the provisions of the bill could encourage patients to better understand their medication regimens.

NMPSIA notes it supports pharmacists providing the type of services to patients referenced in the bill as it could help patients understand and manage their disease or medical condition.

ADMINISTRATIVE IMPLICATIONS

HSD indicates under the provisions of the bill it would need to promulgate regulations and revise its fee schedule and MCO contracts. Rate changes require approval by the federal Centers for Medicare and Medicaid Services (CMS).

TECHNICAL ISSUES

UNMHSC suggested the original bill should be amended to specifically state “Advanced Practice Pharmacists” rather than “Pharmacists” due to the difference in services provided:

- Pharmacists currently receive payment for dispensing medications that includes reimbursement for the drug or medical product along with an associated professional dispensing fee. The dispensing fee is reimbursement for the professional service that a pharmacist would provide in the routine delivery of a medication upon receipt of a prescription from an authorized prescriber. These functions include prospective drug utilization review and patient counseling on the dispensed medication.
- Advanced Practice Pharmacists services are more complex, comprehensive, and time intensive than the act of dispensing. Frequently these services may include services that are also provided by a physician, nurse practitioner, or physician’s assistant such as chronic disease management, optimization of medication therapy, preventative care, and wellness and healthcare maintenance.

OTHER SUBSTANTIVE ISSUES

UNMHSC indicates the Association of American Medical Colleges (AAMC) estimates that by 2020, the U.S. will have 91,000 fewer primary care physicians than will be needed to meet anticipated demand. Advanced Practice Pharmacists (APPs) represent a well-trained, accessible health professional resource that can serve to help alleviate the gap in care from the primary care provider shortage. Pharmacists are the third largest health profession in the U.S. with over 300,000 licensed pharmacists. Pharmacist graduates in New Mexico require a minimum of 3 years of undergraduate training followed by completion of four professional years of training earning the Doctor of Pharmacy (PharmD) degree.

New Mexico has two types of Advanced Practice Pharmacists:

1. Pharmacists who are certified to provide prescriptive authority in the specific areas of hormonal contraception (birth control), tobacco cessation, immunizations (pediatric and adult), tuberculosis testing, and naloxone (opiate overdose reversal agent).
2. The Pharmacist Clinician is a pharmacist who has additional training and licensure to provide prescriptive authority for a variety of chronic and/or acute disease states that are outlined in a prescriptive authority protocol approved by a supervising physician (either M.D. or D.O.). This is commonly referred to as Collaborative Drug Therapy Management.

Advanced practice pharmacists are underutilized in New Mexico as a result of lack of reimbursement from third party payers for the clinical services they provide. In recent years,

several states have passed legislation similar to HB578: Washington (SB5557), Tennessee (SB461 and SB628), Wisconsin (SB251), and Ohio (SB265). Nationally, H.R. 592/S.109, the *Pharmacy and Medically Underserved Areas Enhancement Act* was introduced in the last congress and had over 260 co-sponsors in the U.S. House of Representatives and multiple sponsors in the Senate.

Multiple studies have demonstrated the value of appropriately trained Advanced Practice Pharmacists (APPs) in improving the quality of care, increasing access to care, and decreasing the costs of care.

RAE/gb/sb