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## FISCAL IMPACT REPORT

**SPONSOR** Tallman/Neville      **ORIGINAL DATE** 01/29/21  
**LAST UPDATED** 02/24/21      **HB** \_\_\_\_\_  
**SHORT TITLE** Pharmacy Claim Insurance Payment & Process      **SB** 124/aSHPAC/aSTBTC  
**ANALYST** Chilton

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	NFI	NFI	NFI			

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Office of the Superintendent of Insurance (OSI)

General Services Department (GSD)

### SUMMARY

#### Synopsis of STBTC Amendment

The Senate Tax, Business and Transportation Committee amendment to Senate Bill 124 clarifies some of the language regarding which claims are to be subjected to a fourteen day limit: those from a pharmacy related to prescription drugs and fees associated with dispensing those drugs, if submitted to an insurer electronically. Electronically submitted claims for other items or from providers other than pharmacies would be subject to a thirty-day limit. Manually submitted claims would be paid within 45 days. Interest of 1.5 percent on claims to an insurer or health plan older than these limits would be payable to the billing pharmacy or other provider.

#### Synopsis of SHPAC Amendment

The Senate Health and Public Affairs Committee amendment to Senate Bill 124 would shorten the time interval allowed for payment to a pharmacy submitting a claim electronically from 30 to 14 days (payments to other providers would still be required within 30 days and manually submitted claims for all providers would be paid within 45 days).

Synopsis of Original Bill

Senate Bill 124 would amend Section 59A-16-21.1 NMSA 1978 (the insurance code section entitled “Health Plan Requirements”) to shorten the time allowed for health plans to adjudicate and pay claims from pharmacies on “clean claims.” The current statute in its section C allows health plans 30 days in the case of an electronically submitted claim and 45 days for a claim submitted manually, regardless of the provider submitting the claim. This bill would revise those limits to 14 days after receipt of the claim for pharmacies submitting claims electronically, leaving manual submissions from all providers and claims submitted electronically from all but pharmacies unchanged at 45 and 30 days, respectively.

In the currently existing statute, “clean claim” is defined as a claim

- 1) Submitted from an eligible provider,
- 2) Containing required data elements needed for adjudication,
- 3) Not materially deficient or improper,
- 4) Absent particular or unusual circumstances preventing payment being made within 30 days for electronically submitted claims or 45 days for manually submitted forms.

This section of statute (59A-16-21.1-A-1) would remain unchanged under the proposed legislation.

The effective date of this bill is July 1, 2021.

**FISCAL IMPLICATIONS**

There is no appropriation in this bill and no apparent fiscal impact on state agencies.

**SIGNIFICANT ISSUES**

Pharmacy cash flow would be improved by shortening the interval between pharmacies dispensing a medication or other medical product and payment. Medicare Part D, the largest prescription program in the country, requires claims such as these to be paid within 14 days. Pharmacies electronically verify a patient’s eligibility for insurance-covered products and the coverage by the patient’s insurance of those products.

**TECHNICAL ISSUES**

In the definition of “clean claim” in Section 59A-16-21.1-A-1c-3, the requirement within the definition remains unchanged at 30 days and 45 days for electronically and manually submitted claims, which is incongruent with the new time limit of 15 days for pharmacy claims.

LAC/al/rl