

LFC Requester:	Lance Chilton
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date 01/26/2024
Bill No: SB135

Sponsor: Elizabeth "Liz" Stephanics
Craig Brandt /Siah Correa Hemphill
Antonio Maestas /Daniel Ivey-Soto
Short Title: Step Therapy Guidelines

Agency Name and Code New Mexico Retiree Health Care Authority
Number: 34300
Person Writing Keith Witt
Phone: 505-222-6416 **Email** Keith.witt@rhca.nm.gov

SECTION II: FISCAL IMPACT

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	None	\$650,000	\$1,300,000	\$1,950,000	Recurring	Healthcare Benefits Administration Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

- Duplicate to HB185

Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 135 Amends the Health Care Purchasing Act to establish guidelines for Step Therapy and eliminate step therapy requirements for certain conditions. Below is a summary of the requirements in SB 135 that impact the step therapy process and guidelines:

- Requires step therapy protocols be established with clinical review criteria.

- Requires a plan to have a clear process to request an exception to step therapy.
- Requires a plan to grant an exception if the prescribing provider demonstrates that the drug is contraindicated or will cause an adverse reaction, the drug is expected to be ineffective, the patient has previously tried and failed the drug or a drug in the same class, or the drug is not in the best interest of the patient; Once an exception is granted, requires that the plan authorize coverage for the life of the enrollee; (currently there is a 130-day time period for exceptions, if the drug is not filled within 130 days of the exception being granted it is considered a discontinuation of therapy and the exception process starts over).
- Requires a plan to respond to an exception request within 72 hours (24 hours in an emergency situation), with the exception being granted if no timely response.
- Requires a plan to authorize coverage pending determination of the exception request.
- Prohibits prior authorization or step therapy for drugs that treat autoimmune disorders, behavioral health conditions, and cancer (current statute prohibits PA/ST only for SUD treatment).

FISCAL IMPLICATIONS

SB 135 will have a significant fiscal impact on the NMRHCA. Many of the provisions in SB 135 are in place today with the PBM to protect our retirees, however, there are specific requirements not in force today that would create additional cost to the Plan and future premiums charged to retirees.

Please see the items in SB 135 that would result in a fiscal impact to NMRHCA below:

- Once an exception is granted, requires that the plan authorize coverage for the life of the enrollee; (currently there is a 130-day time period for exceptions, if the drug is not filled within 130 days of the exception being granted it is considered a discontinuation of therapy and the exception process starts over. This clinical management program ensures that the course of treatment is still consistent with prior fill and prescribing history before the gap of 130 days occurred).
- Prohibits prior authorization or step therapy for drugs that treat autoimmune disorders, behavioral health conditions, and cancer (current statute prohibits PA/ST only for SUD treatment).

Based on the Financial Analysis or calendar year 2023 claims data, it is projected the annual cost of the additional requirements in SB 135 will be \$1.3 million dollars.

The proposed effective date of SB 135 is January 1, 2025, therefore the fiscal impact of FY24 is \$0, FY25 is \$650,000 and FY26 is \$1,300,000 totaling \$1,950,000 for the three-year period.

SIGNIFICANT ISSUES

None

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

None

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 185

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

SB 135 conflicts with the authority granted to the Board of Directors under 10-7C-5. Authority Created and 10-7C-6 Board created; membership; authority. 10-7C-7. Board; duties. for the New Mexico Retiree Health Care Authority, as it relates to administration of the Retiree Health Care Act. Plan increases in cost share to NMRHCA will continue to apply financial pressure to the program related to deficit spending period and unfunded liabilities.

ALTERNATIVES**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Current step therapy procedures and protocols will continue to be administered as is today.

AMENDMENTS