

LFC Requester:

Eric Chenier

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.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}*

Date Prepared: February 5, 2026 Check all that apply:
Bill Number: HB137HCS Original Correction
 Amendment Substitute

Sponsor: Elizabeth "Liz" Thomson **Agency Name and Code Number:** Regulation and Licensing Department - 420
Short Title: Stocking of Certain Drugs in Pharmacies **Person Writing:** Cheranne McCracken
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SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
	1500	Nonrecurring	General Fund

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
0	0	0	N/A	N/A

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	480	380	860	Recurring	Pharmacy fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Health and Human Services Committee Substitute for House Bill 137 (HB137HCS) includes the following key provisions:

Feature	HB137 (as introduced)	HB137HCS (committee substitute)
Community-Based Stocking Requirement	Greater of daily avg+1 or two Rx; monthly calc & 3 years' records	At least 1 Rx always; calc & recordkeeping not required
Non-Community-Based Stocking Requirement	Daily avg+3 Rx; monthly calc & 3 years' records	Same as HB137; monthly calc & 3 years' records
Retail Pharmacy Penalties	1st/2nd: notice; 3rd: plan; 4th+: \$2,500 fine	1st/2nd: notice; 3rd and subsequent (within 36 months): directed correction plan (no monetary fine)
Wholesaler Penalties	1st: notice; 2nd and subsequent: up to \$10,000 fine	Same as HB137
Wholesaler Reporting (monthly)	Pharmacy name, date(s) of order/request, date(s) of denial or delay, reasons, and other info prescribed by Board.	Adds: pharmacy zip code, New Mexico controlled substance registration number; report format set by Board in consultation with DOH.
DOH Reporting/Fields	Biannual report: aggregated, de-identified frequency and reason for denials/delays.	Pharmacy zip code (if non-identifying), health region, pharmacy status (community-based or not)—all de-identified with explicit privacy stipulations.
Medicaid Appropriation	A one-time \$1.5 million appropriation for FY27 is provided, with unexpended balances reverting to the general fund at the end of FY27. There are no ongoing funding provisions or allocation formulas specified in the statute.	Same as HB137
Effective Date	Not specified (defaults statutory date)	September 1, 2026

FISCAL IMPLICATIONS

- If HB137HCS is enacted, the Board of Pharmacy anticipates incurring significant administrative expenses including hiring additional staff (a full-time inspector at \$200,000/year and administrative staff at \$80,000/year), as well as information technology (IT) and other support totaling \$200,000 for FY27 and \$100,000 annually thereafter.
- The Board of Pharmacy is administratively attached to the Regulation and Licensing Department (RLD). HB137HCS provides no appropriation to the RLD to fund the additional personnel and administrative costs that would be imposed on the Board of Pharmacy if this substitute bill is enacted.
- While HB137HCS includes an appropriation to the Health Care Authority of \$1,500,000, that funding is solely for the purpose of Medicaid reimbursement rates for buprenorphine prescriptions and would not address the needs of the Board of Pharmacy.

SIGNIFICANT ISSUES

- **Reduced Requirements for Community-Based Pharmacies:**
 - The administrative, financial, and recordkeeping requirements are lowered for community-based pharmacies (i.e., independent and non-chain stores), as they now need to keep at least one prescription of buprenorphine in stock at all times.
 - These entities are exempt from the monthly calculation and record retention requirements imposed on non-community-based pharmacies.
 - This change may reduce the risk of medication waste and operational strain for low-volume dispensers, a concern highlighted in prior analyses.
- **Stringent Requirements for Non-Community-Based Pharmacies:**
 - Calculation, documentation, and inventory requirements remain as in HB137, retaining the more stringent monthly calculation and documentation requirements for non-community-based pharmacies, as defined in HB137HCS.
- **Wholesaler Reporting and Interagency Consultation:**
 - Monthly wholesaler reports now require additional data elements, specifically pharmacy zip code and New Mexico controlled substance registration number, increasing implementation and compliance complexity.
 - The Board of Pharmacy must set report formats in consultation with the Department of Health.
- **Enforcement and Penalties**
 - For retail pharmacies, the first and second violations trigger notices, while a third or subsequent violation within 36 months results in a required correction plan—there is no monetary fine.
 - Pharmacies are exempt from penalties if noncompliance results solely from wholesaler actions, provided compliant ordering procedures and documentation are demonstrated.
 - For wholesalers, the penalty structure remains unchanged from the initial bill: first notice, then a monetary fine for subsequent violations.
- **Increased compliance monitoring and reporting responsibilities:**
 - The Board of Pharmacy already operates with a high regulatory workload (overseeing 28,000 licensees, including more than 800 wholesale drug distributors). The Board of Pharmacy has only fifteen (15) employees, so these additional responsibilities are expected to strain current capacity and divert resources from other statutory duties relevant to public health and safety.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS