

LFC Requester:

Harry Rommel

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 2-11-2026

Check all that apply:

Bill Number: SB20CSOriginal Correction Amendment Substitute

Sponsor: Stefanics/Hickey/Lopez/
Szcepanski/Thompson

Agency Name and Code Number: Office of Superintendent of Insurance -440

Person Writing: Viara Ianakieva

Short Title: PRIOR AUTHORIZATION
AND PRESCRIPTION
&DRUGS

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SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY26 | FY27 | | |
| | | | |
| | | | |

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------|---------------|
| FY26 | FY27 | FY28 | | |
| | | | | |
| | | | | |

(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 | | | | | | |

(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

The Senate Tax, Business and Transportation Committee Substitute for Senate Bill 20 (STBTC Substitute for SB20) amends certain sections of the Prior Authorization Act.

Section 1 codifies the term “chronic health condition” as defined by the U.S. Centers for Disease Control and Prevention. It also narrows the definition of “pharmacy benefits manager” to include only PBMs licensed under the Pharmacy Benefits Manager Regulation Act that have a direct contract with an entity governed by the Health Care Purchasing Act, such as state agencies, public schools, and other governmental bodies. In addition, this section refines the definition of “serious mental illness” by listing specific conditions, including major depression, schizophrenia, schizoaffective disorder, bipolar disorder, obsessive-compulsive disorder, panic disorder, post-traumatic stress disorder, and borderline personality disorder.

Section 2 outlines the responsibilities of the Office of Superintendent of Insurance (OSI) in enforcing and standardizing prior authorization processes. This section remains unchanged from the bill as introduced.

Section 3 clarifies that prior authorizations must be granted if not resolved within three business days instead of “three days,” leaving the requirement that all other determinations must be completed within seven days.

Section 4 shortens the timeframe for prescription drug prior authorizations to three business days for standard cases and 24 hours for emergencies, aligning these timelines with other provisions in the Insurance Code. The STBTCS Substitute for SB 20 exempts prior authorization and step therapy requirements for individuals under age 18 or those residing in institutional settings. Insurers and PBMs are prohibited from requiring prior authorizations for chronic maintenance drugs more frequently than once every three years.

Finally, Section 5 extends the bill’s effective date to January 1, 2027.

FISCAL IMPLICATIONS

As noted in the original FIR, extending the validity period to three years for prior authorizations on chronic maintenance drugs is expected to have minimal impact on insurance premiums. Eliminating prior authorization and step therapy requirements for medications used to treat serious mental illness may lead to premium increases if utilization for the specified conditions rises. The extent of any increase will depend on projected utilization and the cost differences between generic medications and second-line step therapy drugs for various conditions. The Office of Superintendent of Insurance (OSI) will require additional data and time to fully assess the impact on premiums.

SIGNIFICANT ISSUES

None.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this bill is not enacted, health insurers will continue to require prior authorization and step therapy for medications prescribed to treat serious mental illness, which may delay access to essential treatments and negatively impact patient outcomes. Current timelines for prior authorization decisions for prescription drugs will remain in place and continue to present a statutory conflict.

AMENDMENTS

None.