

NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Knauer DATE TYPED: 02/02/01 HB 303
 SHORT TITLE: Standard Co-Pay on Prescription Drugs SB _____
 ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Health Policy Commission
 Public Regulation Commission

SUMMARY

Synopsis of Bill

HB 303 amends the insurance code by adding new sections of law. These additions require that any health insurance contract that offers prescription drug benefits with co-payments shall require that co-payments shall be the same for any drug regardless of the method dispensed. HB 303 also amends NMSA 1978 Chapter 13 and applies to any health coverage offered under the Health Care Purchasing Act.

Significant Issues

Some plans offer different co-pays depending on whether or not the prescription is obtained from a retail pharmacy vs mail order. The different level of co-pay is used by the plan to give the insured an economic incentive to choose mail order. The plan usually has negotiated contracts through these suppliers that have lower costs. Plans use this method to lower health care costs.

RELATIONSHIP

Relates to –
 SJM 8, Medicare Outpatient Pharmacy Benefit
 SJM 9, Fill Prescriptions at Federal Health Centers
 SB 140, Indian Prescription Drug Purchase
 SB 141, Prescription Drug Fair Pricing Act
 SB 142, NM Prescription Drug Senior Act

SB 143, Prescription Drug Senior Program
SB 144, Prescription Drug Bulk Purchasing
HJM 21, Affordable Drug Program Options for Seniors
HJM 22, Study Rising Costs of Prescription Drugs
HB 297, NM Prescription Drug Discount Act
HB 298, Native American Prescription Drug Program
HB 300, Special Prescription Drug Program for Seniors
HB 301, Prescription Drug Fair Pricing Act
HB 302, Prescription Drug Benefit for Seniors

TECHNICAL ISSUES

The Health Policy Commission states that Article 7 of Chapter 13 is a new section added to the Public Purchases and Property, which currently includes;

- c Procurement
- c Alternative Fuel Conversion
- c Public Works Contracts
- c Insurance on Public Buildings
- c Sale of Public Property

There is a question as to whether the placement in this Chapter of the NMSA is appropriate.

SUBSTANTIVE ISSUES

- c Hospitals, HMOs, insurance companies, government agencies and mail order companies are able to pay significantly lower prices than the drug stores from which millions of Americans buy their medications. Different government agencies (Medicaid, Medicare, Veterans Administration, Department of Defense) are charged widely different prices for the same drug.
- c Covered persons may be striced by a network of pharmacies to have their prescriptions filled, and those people living in rural or frontier communities may face a transportation burden to travel to a pharmacy assigned to their insurance network.
- c Mail order prescriptions are often for more than 30-day supplies and are less expensive to the consumer as currently established in many health insurance plans, such as those offered to state employees. Consumers may prefer to continue with differing co-payments as incentives for mail order.
- c If the intent of this bill is to decrease co-payments at retail outlets to match mail order or other hospital, HMO or government co-payments, there is a chance that the standardization may result in higher co-payments for all outlets providing drug coverage.

DW/ar:pr