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FISCAL IMPACT REPORT

SPONSOR: Begaye DATE TYPED: 02/27/03 HB 648

SHORT TITLE: Medical and Clinical Services for Seniors SB _____

ANALYST: Hayes

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$400.0			Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB384 and SB 338

SOURCES OF INFORMATION

Responses Received From
 State Agency on Aging
 Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Bill 648 appropriates \$400.0 to the State agency on Aging from the general fund to conduct a pilot project to provide medication evaluations and pharmacist clinical services to seniors and to develop and implement collection and aggregate data reporting on the effectiveness and benefit of this service to seniors.

Significant Issues

1. Seniors and the disabled population are paying the highest out-of-pocket costs for medications in New Mexico. Seniors without Medicaid or other health insurance with a prescription drug benefit struggle to pay for prescriptions whose costs per prescription are even higher than what Medicaid pays (approximately \$39.50 per Rx) according to the State Agency on Aging. Consequently, many seniors “price compare” from various sources (internet, discount cards, patient assistance programs, Mexico, etc.) in order to find the lowest cost. With so many different resources available for

obtaining medications, tracking a senior's medication regime is problematic. A pharmacist's record of the senior's drug regimen may not be comprehensive. Because of the multitude of sources and the lack of a focal point for evaluating the appropriateness of medications being taken, clinical pharmacy services are vital to informing patients of the appropriateness of medications being prescribed and used.

2. Although pharmacists are required to provide clinical services to individuals, many people who could most benefit from the services do not visit their local pharmacists for an evaluation of their drug regimen. With increasing reliance on prescription drugs as a means of treatment, medication management and pharmacy clinical services are growing more important.
3. HB 648 would allow the State Agency on Aging to identify affordable drug programs by using the services of clinical pharmacists to assist and implement drug management systems for seniors. Pharmacists are highly qualified to identify and recommend low cost generic prescription drugs or less expensive brands instead of higher priced brand name drugs. Many of the generic drugs produced today are equal to or superior to many of the brand name drugs. Pharmacists will be allowed to collect and aggregate data obtained from New Mexico citizens and evaluate the possibility of drug interactions and eliminate unnecessary drug therapy.
4. HJM 22 (2001 Legislature) requested that the Health Policy Commission conduct a study to examine the impact of rising prescription drug costs and to develop recommendations for addressing this issue. An advisory committee was formed and one of the recommendations made includes: "The committee believed that educating consumers on the medications they were taking is crucial to assure optimal health benefits while recognizing that pharmacists often did not have sufficient time to provide the necessary consultation." (p. 30, HPC HJM 22 report, October 2002). HB 648 seeks to address this issue by developing a mechanism so that seniors can access clinical pharmacy services, including an evaluation of all the medications they are taking.

FISCAL IMPLICATIONS

The appropriation of \$400.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2004 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

The State Agency on Aging anticipates no additional staffing needs to carry out the requirements of HB 648 since the appropriation would be passed through the agency to a qualified entity. There will be administrative costs for the designated entity to design the project, collect documentation for reimbursements and pay the reimbursement requests.

RELATIONSHIP

HB384 and SB 338, Medicaid Reform Committee Recommendations, include language to direct HSD to review policies to ensure pharmacists have the flexibility for and are not discouraged

from using generic drug when a generic or a low-cost equivalent is available. In addition, these two bills direct HSD to examine and provide an analysis of methods of reducing costs and providing clinical pharmacy services to Medicaid recipients.

OTHER SUBSTANTIVE ISSUES

While HB 648 directs the State Agency on Aging “to develop and implement collection and aggregate data reporting on the effectiveness and benefit of these services to seniors,” it is unclear how the pilot project as a whole will be evaluated. As a “pilot project,” this analysis assumes that funding is non-recurring. In order to continue the project in future fiscal years, data may need to be presented to the Legislature regarding the success or failure of the project. At that time, additional funding for the project’s continuance could be considered. In the meantime, HB 648 may need to clarify how such an evaluation should be conducted. Developing additional performance measures may assist in determining the project’s accomplishments and outcome.

CMH/njw