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FISCAL IMPACT REPORT

SPONSOR Feldman DATE TYPED 02/13/05 HB _____

SHORT TITLE Prescription Drug Discount Card Program SB 689

ANALYST Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Fiscal Implication below		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 763

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department
 Department of Health
 Aging and Long Term Services Department
 Pharmacy Board

SUMMARY

Synopsis of Bill

Senate Bill 689 mandates the Human Services Department (HSD) in collaboration with the Department of Health (DOH), and the Aging and Long-Term Care Department to create and actively promote membership in a prescription drug discount card program. Eligibility is determined by voluntary enrollment of a person who is a state resident, under 65 years of age, and has no other prescription drug benefit. The bill allows for HSD to enroll and provide identification to each participant, whether electronic or other form of membership, for use by pharmacies for each pharmacy transaction. The participants would receive medications at an amount that does not exceed the total contracted discounted price plus a dispensing fee.

Significant Issues

The Department of Health indicates, in New Mexico, a large portion of the population is unin-

ured, or are insured but without prescription drug benefits. There is a significant lack of access and affordability of prescription drugs for many of New Mexico's citizens. Many of these underinsured residents are on a fixed income and are unable to afford prescription drugs. Some will go without food or other essentials to buy medications, or do without drug therapy all together. Participants of this program would be entitled to discounted prescription drug prices at pharmacies willing to honor the contracted price.

PERFORMANCE IMPLICATIONS

Performance standards should be required in any contracts affiliated with such a program.

FISCAL IMPLICATIONS

The Human Services Department estimates the following costs would be incurred and potentially require an appropriation.

Approximately \$100,000 thousand annually would be needed for administrative costs.

This program would require two FTEs to administer the program as the bill is currently worded, estimated to cost \$80,000 per FTE.

It would cost approximately \$350,000 to process the pharmacy claims.

OTHER SUBSTANTIVE ISSUES

The Department of Health adds, the Census Bureau reports that an average of 21.6% of New Mexicans were without health insurance coverage in 2002-2003 (Income, Poverty and Health Insurance Coverage in the United States 2003, Current Population Reports, P60-226, 2004). New Mexicans who are uninsured or insured but without prescription drug benefits face the problem of paying the continually rising costs for prescription drugs. There is substantial anecdotal information available detailing the circumstances in which many people find themselves, such as having to choose between purchasing prescription drugs and basic necessities such as food, housing, clothing and utilities. It is not unreasonable to assume that such occurrences exist in New Mexico with uninsured and underinsured populations, particularly children and adults living with serious chronic conditions. When necessary prescription drugs cannot be obtained, threats to the continuity and quality of health care occur and may result in increasingly complicated health conditions and possible hospitalizations.

POSSIBLE QUESTIONS

Should a maximum income requirement be contained as affluent New Mexicans may not need such a benefit and actually reduce pharmacy income if a member of the new benefit group.

Should an annual fee be required to offset the cost of administering the program. It could be on a sliding scale based on income.

MW/rs