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FISCAL IMPACT REPORT

SPONSOR	<u>Sens. Stefanics and Hickey/Rep. Ferrary</u>	LAST UPDATED	<u>3/18/2025</u>
		ORIGINAL DATE	<u>2/3/2025</u>
SHORT TITLE	<u>Expand Prescription Drug Donation Program</u>	BILL	<u>Senate Bill</u>
		NUMBER	<u>122/aSHPAC/aSFI#1</u>
		ANALYST	<u>Hernandez</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Start Up		\$100.0		\$100.0	Nonrecurring	General Fund
Operational		Indeterminate but minimal	Indeterminate but minimal		Recurring	General Fund
Total		\$100.0		\$100.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

Health Care Authority

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of SFI#1 Amendment to Senate Bill 122

The Senate Floor #1 amendment to Senate Bill 122 (SB122) strikes the Senate Health and Public Affairs Committee amendment, including the effective date inserted of July 1, 2026.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

Synopsis of SHPAC Amendment to Senate Bill 122

The Senate Health and Public Affairs Committee amendment to SB122 makes three changes. First, the bill removes “a health care facility licensed by the health care authority pursuant to the Health Care Code” from the list of eligible recipients. Second, the amendment adds language stating that the “board may conduct inspections of eligible recipients to ensure compliance with the requirements of [the Prescription Drug section] and rules promulgated pursuant to [the Prescription Drug section]” and specifies that the board’s list of eligible recipients must be made available to the public (replacing “publish). Finally, the amendment changes the effective date of SB122.

The effective date of this bill is July 1, 2026.

Synopsis of Senate Bill 122

SB122 amends the Drugs and Cosmetics Code (NMSA 26-1-3.2) to update the prescription drug donation section. The statute currently allows licensed providers and clinics to receive prescription drugs previously dispensed to their patients. Before distributing the donated drugs, a licensed provider examines and certifies the drug has been properly stored and is suitable for redistribution. Recipients of the donated prescription drug accept all risks and receive their prescribed drug free of charge or at a reduced rate.

SB122 amends this portion of the Drugs and Cosmetics Code so that any person can now donate to “eligible recipients,” which are licensed individuals or facilities. The new definition of eligible recipients includes licensed healthcare facilities, practitioners, and other people. These recipients must register with the Board of Pharmacy (BOP), which is under the Regulation and Licensing Department (RLD). The board is responsible for overseeing the rules for redistribution, and donated drugs must be unexpired. SB122 further amends the Drug and Cosmetics Code to allow both in- and out-of-state pharmacies to distribute donated prescription drugs through either physical or mail-in pharmacies. Finally, SB122 changes the handling fee for patients from a maximum of \$20 to “reasonable costs of participating in the program.”

FISCAL IMPLICATIONS

The board indicates at least \$100 thousand would be needed in FY26 to implement SB122: \$25 thousand would be needed for the rulemaking process, and \$75 thousand would be needed to modify “the online licensing system to build new registration capabilities that would be required to implement.” The board indicates there “will be continued expenses associated with registration and enforcement under” SB122. However, these associated costs are indeterminate at this time.

SIGNIFICANT ISSUES

BOP notes the following concern:

The requirement in SB122 to publish a current listing of eligible recipients given the expected frequency of required updates would be administratively burdensome. Consideration should be given to removing this requirement from SB122 in light of the fact that the online licensing system currently utilized for all licensing by the [board] allows searching by license or registration type. This search function would make the current listing available to the public while eliminating the burden of creating and maintaining a separate listing.

The [board] has also estimated that developing and implementing the numerous administrative rule provisions that would be necessitated by SB122, as well as the licensing database upgrades that would have to be made, would require many months to accomplish. Consideration should be given to delaying the effective date of the changes to this program to be July 1, 2026.

Finally, the board expresses that SB122 should specify that the board “may conduct inspections of eligible recipients for compliance and enforcement of [the bill] and board rules.”