

Fact Sheet:

Prescription Drug

Affordability Board



New Mexicans are struggling to afford the prescription drugs they need, often having to choose between their medication and other necessities, like rent and groceries. Drug costs were out of control before COVID, but it is even worse now. Studies show the pharmaceutical industry has taken advantage of the pandemic to raise prices on 645 brands almost six percent in the first eight months of 2020¹. It is critical that the State Legislature take action to help ensure that all New Mexicans have access to affordable medications, because drugs don't work if people can't afford them.

What can New Mexico do?

New Mexico can create a Prescription Drug Affordability Board, an independent body with the authority to evaluate high cost drugs and set reasonable rates for consumers to pay. The Prescription Drug Affordability Board will look at prescription drugs with costs that greatly impact New Mexicans, including high-cost, brand name medications. High costs can prevent patients from accessing the prescription drugs they need, cause significant affordability issues for the state, and threaten public health.

How a Prescription Drug Affordability Board works:

The Board is composed of five members. It will review prescription drugs that meet any of the following criteria:

- New brand name prescription drugs which enter the market at \$30,000 or more per year or course of treatment;
- Existing brand name medications which increase in price by \$3,000 or more per year or course of treatment;
- Generic medicines costing at least \$100 with an increase of 200% or more per year;
- Biosimilars with a launch price that is not at least 15% lower than the reference brand biologic; and
- Any prescription drug that creates affordability challenges to the New Mexico health care system, including patients.

The Board will consider a broad range of economic factors when setting appropriate payment rates for reviewed drugs, allowing pharmaceutical manufacturers the opportunity to justify existing drug costs. Once a fair payment rate is determined, the Board sets an upper payment limit that applies to all purchasers and payor reimbursements in New Mexico, ensuring that lower costs benefit consumers.

¹ [AnalySource](#): Drug Manufacturers Raise Prices for 645 Brands an average price increase of 5.9% in 2020 thus far.