



## State of New Mexico Office of the State Auditor

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### **State Auditor Colón Refers Pharmacy Benefit Managers Examination to Attorney General**

*Auditor Colón initiated the investigation of PBMs' billing practices and has referred preliminary results to Attorney General Balderas*

ALBUQUERQUE, NM – In early 2020, State Auditor Brian S. Colón initiated an investigation of the Pharmacy Benefit Managers (PBMs) that have provided services to the five New Mexico Medicaid Plans and the PBM for the State Group Benefit Plan for public employees and has now referred aspects of the examination to Attorney General Balderas. For over a decade, PBMs have had opportunities to develop abusive billing practices. These practices may have benefited the PBMs but not the State clients they serve and the network of pharmacies that the PBMs use. The Office of the State Auditor's investigation included analyzing the PBMs' billing practices on the millions of claims they adjudicated over the past several years to determine whether in fact the State has been appropriately charged.

"I continue to be concerned that the historic lack of transparency and regulation of PBMs could have led to inflated amounts of pharmacy costs or overcharging of the State's Medicaid and public employee health plans," said Auditor Colón. "At this time, I am referring aspects of my Office's ongoing examination to Attorney General Balderas." The Office of the State Auditor's preliminary findings indicate that now is an appropriate time to refer the investigation of the State's PBMs to the Attorney General's Office so that Attorney General's Office can take any necessary steps to enforce the State's rights.

PBMs are intermediaries between prescription drug plans, pharmacies, and drug manufacturers. Services provided by PBMs include contracting with pharmacies and reimbursing them for filling prescriptions, creating preferred drug lists, competitive drug pricing, and negotiating rebates with drug manufacturers. The Human Services Department and the General Services Department have been involved in the Office of the State Auditor's examination.

"I am addressing whether PBMs' potentially abusive billing practices may have caused the State of New Mexico to overpay for the pharmacy benefits the State provides to Medicaid recipients and members of the State's public employee health plan. I will do all I can to prevent unlawful or

unfair conduct due to the many millions of dollars at issue and the broad impact on New Mexicans who absolutely need access to affordable medications,” said Auditor Colón.

Regarding the referral, Attorney General Balderas said, “An effective healthcare system is vital for families in New Mexico, therefore we will promptly investigate this matter. I am grateful to the OSA for their diligent and timely referral.”

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