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Office of the Governor

June 12, 2025

The Honorable Francisco Aguilar
Nevada Secretary of State
101 North Carson Street
Carson City, Nevada 89701

Re: Assembly Bill 259 of the 83rd Legislative Session

Dear Secretary of State Aguilar:

I am forwarding to you, for filing within the time limit set forth in the Nevada Constitution and without my approval, Assembly Bill 259 ("AB 259"), which is titled as follows:

AN ACT relating to health care; prohibiting certain actions related to pricing and reimbursement for certain drugs; creating a cause of action for violating such prohibitions; and providing other matters properly relating thereto.

As noted in my veto of Assembly Bill 250 ("AB 250") last session—a nearly identical bill—AB 259 "would ultimately lead to higher costs and less accessibility to certain forms of care."

When AB 250 was vetoed in 2023, Medicare had not yet identified the first ten drugs subject to Maximum Fair Price ("MFP") requirements, nor had those prices been set. Today, we find ourselves in a similar position. While more than fifty additional drugs are expected to receive an MFP in the coming years, their prices remain unknown—making it impossible to fully assess the long-term impacts of AB 259.

However, with the first ten MFP drugs now identified, we have clearer insight into how applying federal MFP rules in Nevada would play out. Unfortunately, the data shows it would drive up—not lower—costs. Additionally, the state's Medicaid program could lose millions of dollars in drug rebate savings, though the full fiscal impact remains undetermined. These costs will likely grow as more drugs are subjected to MFPs.

The only notable change from AB 250 is that AB 259 exempts health plans governed by the Employment Retirement Income Security Act ("ERISA") and Taft-Hartley trusts, while allowing them to opt in annually. However, the bill provides no practical mechanism for pharmacies or providers to know—at the point of care—whether a patient's plan falls under these exemptions, especially when administered by third-party insurers. This creates real legal and financial risk for healthcare providers, who could face civil penalties or lawsuits for unintentionally applying MFP pricing to an exempt patient.

Finally, by requiring MFP pricing in Nevada, AB 259 could unintentionally restrict patient access to medications. If a pharmacy or provider cannot acquire a drug at or below the MFP, that drug simply won't be available to Nevadans.

While I support efforts to reduce prescription drug costs, AB 259 would do the opposite: it would increase expenses for the state and its employees, introduce legal uncertainty for providers, and limit access to necessary medications. I cannot support it.

For these reasons, I veto this bill and return it without my signature or approval.

Respectfully submitted,



JOE LOMBARDO

Governor of Nevada

Enclosure

cc: The Honorable Stavros Anthony, President of the Senate (without enclosure)
The Honorable Nicole Cannizzaro, Senate Majority Leader (without enclosure)
The Honorable Steve Yeager, Speaker of the Assembly (without enclosure)
Brendan Bucy, Secretary of the Senate (without enclosure)
Bonnie Borda Hoffecker, Chief Clerk of the Assembly (without enclosure)
Diane Thornton, Legislative Counsel Bureau, Director (without enclosure)
Asher Killian, Legislative Counsel Bureau, Legislative Counsel (without enclosure)