

AN ACT

relating to the Texas Pharmaceutical Initiative and a governing board and advisory council for the initiative.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle D, Title 10, Government Code, is amended by adding Chapter 2177 to read as follows:

CHAPTER 2177. TEXAS PHARMACEUTICAL INITIATIVE

Sec. 2177.001. DEFINITIONS. In this chapter:

(1) "Advisory council" means the Texas Pharmaceutical Initiative Advisory Council established under this chapter.

(2) "Board" means the governing board of the initiative.

(3) "Commission" means the Health and Human Services Commission.

(4) "Generic biological product" means a biological product approved pursuant to an application under Section 351(k), Public Health Service Act (42 U.S.C. Section 262(k)).

(5) "Generic drug" means a prescription drug approved pursuant to an application under Section 505(j), Federal Food, Drug, and Cosmetic Act (21 U.S.C. Section 355(j)).

(6) "Initiative" means the Texas Pharmaceutical Initiative established under this chapter.

Sec. 2177.002. TEXAS PHARMACEUTICAL INITIATIVE. The Texas Pharmaceutical Initiative is established to provide cost-effective

1 access to prescription drugs and other medical supplies for:

2 (1) employees, dependents, and retirees of public
3 higher education systems and institutions;

4 (2) Employees Retirement System of Texas members;

5 (3) Teacher Retirement System of Texas members;

6 (4) persons confined by the Texas Department of
7 Criminal Justice or the Texas Juvenile Justice Department; and

8 (5) individuals served by a program operated or
9 administered by the health and human services system, as that term
10 is defined by Section 531.001.

11 Sec. 2177.003. BOARD. (a) The initiative is governed by a
12 board composed of three members appointed by the governor.

13 (b) The governor shall designate the presiding officer of
14 the board.

15 (c) A board member serves without compensation but may be
16 reimbursed for travel and other actual and reasonable expenses
17 incurred in the performance of the member's duties on the board.

18 Sec. 2177.004. BOARD MEMBER QUALIFICATIONS. (a) A person
19 may not serve as a board member if the person:

20 (1) has held any other elective public office during
21 the preceding five years; or

22 (2) is an employee of an entity served by the
23 initiative.

24 (b) Not more than one-third of the members of the board
25 serving at any one time may derive more than 10 percent of their
26 annual income from the health care, insurance, or pharmaceutical
27 industry.

1 Sec. 2177.005. BOARD POWERS AND DUTIES. (a) The board may:

2 (1) develop and implement the initiative and any
3 programs established by this chapter;

4 (2) establish procedures and policies for the
5 administration of the initiative; and

6 (3) establish procedures to document compliance by
7 board members and personnel with applicable laws governing
8 conflicts of interest.

9 (b) To carry out the purposes of this chapter and implement
10 the initiative, the board may:

11 (1) hire and employ an executive director and
12 necessary personnel to provide administrative support;

13 (2) execute contracts and other instruments and
14 conduct all activities the board determines necessary for those
15 purposes;

16 (3) authorize one or more board members to execute
17 contracts and other instruments on behalf of the board; and

18 (4) establish a committee or other similar entity to
19 exercise powers delegated by the board and exercise any other
20 administrative duties or powers as the board considers necessary.

21 Sec. 2177.006. BUSINESS PLAN. Not later than October 1,
22 2024, the board shall develop and submit to the governor, the
23 legislature, and the Legislative Budget Board a business plan on:

24 (1) implementing the initiative, including the
25 initiative's organizational structure and related programs;

26 (2) establishing procedures and policies for the
27 administration of the initiative, including documenting the

1 process and resources required for the provision to individuals
2 described by Section 2177.002 of the following services:

3 (A) establishing or contracting for statewide
4 pharmacy benefit manager services;

5 (B) establishing policies and conditions to
6 operate or contract for the operation of a distribution network,
7 central service center, and associated network of satellite
8 distribution facilities to distribute prescription drugs and
9 related medical supplies; and

10 (C) providing advanced pharmaceutical
11 preparation and related services, including:

12 (i) manufacturing generic drugs and generic
13 biological products;

14 (ii) providing gene therapies and precision
15 medicine; and

16 (iii) providing advanced laboratories for
17 quality control, preparation, and compounding of drugs in support
18 of innovative therapeutics and drug research;

19 (3) establishing procedures to document compliance by
20 board members and personnel with applicable laws governing
21 conflicts of interest;

22 (4) establishing the conditions for state agencies
23 that facilitate health plans to participate in the initiative;

24 (5) identifying potential cost savings from
25 implementation of the initiative;

26 (6) identifying the funding and resources needed to
27 implement this chapter; and

1 (7) providing other board recommendations, with
2 supporting documentation, on continuation of the initiative.

3 Sec. 2177.007. ADMINISTRATIVE ATTACHMENT. (a) The board
4 is administratively attached to the commission.

5 (b) The commission shall provide administrative support
6 services to the board as necessary to carry out the purposes of this
7 chapter.

8 Sec. 2177.008. ADVISORY COUNCIL. (a) The Texas
9 Pharmaceutical Initiative Advisory Council is established to
10 advise the board in implementing this chapter and carrying out the
11 duties imposed on the board under this chapter.

12 (b) The advisory council is composed of:

13 (1) the executive commissioner of the commission or
14 the executive commissioner's designee;

15 (2) the executive director of the Employees Retirement
16 System of Texas or the executive director's designee;

17 (3) the executive director of the Teacher Retirement
18 System of Texas or the executive director's designee;

19 (4) the chancellor of The University of Texas System
20 or the chancellor's designee; and

21 (5) the chancellor of The Texas A&M University System
22 or the chancellor's designee.

23 Sec. 2177.009. CONFLICTS OF INTEREST. Except as otherwise
24 provided by this chapter, Chapter 572 applies to the initiative.

25 Sec. 2177.010. EXPIRATION OF CHAPTER. This chapter expires
26 September 1, 2025.

27 SECTION 2. This Act takes effect immediately if it receives

H.B. No. 4990

1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2023.

President of the Senate

Speaker of the House

I certify that H.B. No. 4990 was passed by the House on May 2, 2023, by the following vote: Yeas 128, Nays 12, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 4990 on May 26, 2023, by the following vote: Yeas 113, Nays 26, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 4990 was passed by the Senate, with amendments, on May 24, 2023, by the following vote: Yeas 26, Nays 4.

Secretary of the Senate

APPROVED: _____

Date

Governor