

BILL ANALYSIS

H.B. 1744

By: Delisi

State Health Care Expenditures, Select
Committee Report (Unamended)

BACKGROUND AND PURPOSE

There are several factors to consider when determining why health care costs continue to increase nationwide. Some states have taken a proactive approach to rising costs by employing the services of a pharmacy benefit manager. In Texas, the Employee Retirement System and the Teacher's Retirement System both contract with pharmacy benefit managers to help contain costs. Those two systems also use prior authorization to control prescription drug costs—arguably the most significant cost-driver in health care.

H.B. 1744 expands the use prior authorization for drugs not on their preferred drug lists, particularly for gastrointestinal agents, cholesterol lowering agents, anti-inflammatory agents, antihistamines, and antidepressants.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Subchapter E, Chapter 1551, Insurance Code, as effective June 1, 2003, by adding Section 1551.218 as follows:

Sec. 1551.218. PRIOR AUTHORIZATION FOR CERTAIN DRUGS. Subsection (a) defines drug formulary as a list of drugs preferred for us and eligible for coverage under a health benefit plan.

Subsection (b) sets out the categories of prescribed drugs requiring prior authorization for coverage. The list includes:

- A gastrointestinal drug
- A cholesterol-lowering drug
- An anti-inflammatory drug
- An antihistamine drug
- An antidepressant drug

Subsection (c) requires the Employees Retirement System board of trustees to submit a report regarding cost savings to achieved with this program to the comptroller and the Legislative Budget Board. Reports must cover the previous six-month period.

SECTION 2. Amends Subchapter D, Chapter 1575, Insurance Code, as effective June 1, 2003, by adding Section 1575.161 as follows:

Sec. 1575.161. PRIOR AUTHORIZATION FOR CERTAIN DRUGS. Subsection (a) defines drug formulary as a list of drugs preferred for us and eligible for coverage under a health benefit plan.

Subsection (b) sets out the categories of prescribed drugs requiring prior authorization for coverage. The list includes:

- A gastrointestinal drug
- A cholesterol-lowering drug
- An anti-inflammatory drug
- An antihistamine drug
- An antidepressant drug

Subsection (c) requires the Teacher's Retirement System board of trustees to submit a report regarding cost savings to achieved with this program to the comptroller and the Legislative Budget Board. Reports must cover the previous six-month period.

SECTION 3. Amends Subchapter E, Chapter 3, Insurance Code, by adding Article 3.50-7A as follows:

Art. 3.50-7A. PRIOR AUTHORIZATION FOR CERTAIN DRUGS PROVIDED UNDER TEXAS SCHOOL EMPLOYEES UNIFORM GROUP COVERAGE. Subsection (a) defines drug formulary as a list of drugs preferred for use and eligible for coverage under a health benefit plan.

Subsection (b) sets out the categories of prescribed drugs requiring prior authorization for coverage. The list includes:

- A gastrointestinal drug
- A cholesterol-lowering drug
- An anti-inflammatory drug
- An antihistamine drug
- An antidepressant drug

Subsection (c) requires the Teacher's Retirement System to submit a report regarding cost savings to achieved with this program to the comptroller and the Legislative Budget Board. Reports must cover the previous six-month period.

SECTION 4. States that reports required by Section 1551.218(c) and 1575.161(c), Insurance Code, and Subsection (c), Article 3.50-7A, Insurance Code, are due September 1, 2005.

EFFECTIVE DATE

This act takes effect September 1, 2003.