

## **BILL ANALYSIS**

S.B. 1173

By: Janek

State Health Care Expenditures, Select  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

One of the cost drivers in health insurance is the frequency of prescriptions and the increased cost of prescription medication. As proposed, S.B. 1173 amends the Insurance Code to address prescription drug benefits under the group health benefit program for certain governmental employees.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **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. (a) Defines "drug formulary."

(b) Requires a health benefit plan provided under this chapter that uses a drug formulary in providing a prescription drug benefit to require prior authorization for coverage of the following categories of prescribed drugs if the specific drug prescribed is not included in the formulary:

- (1) a gastrointestinal drug;
- (2) a cholesterol-lowering drug;
- (3) an anti-inflammatory drug;
- (4) an antihistamine drug; and
- (5) an antidepressant drug.

(c) Requires the board of trustees of the Employees Retirement System of Texas every six months to submit to the comptroller and to the Legislative Budget Board a report regarding any cost savings achieved in the program through implementation of the prior authorization requirement of this section. Requires a report to 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. (a) Defines "drug formulary."

(b) Requires a health benefit plan provided under this chapter that uses a drug

formulary in providing a prescription drug benefit to require prior authorization for coverage of the following categories of prescribed drugs if the specific drug prescribed is not included in the formulary:

- (1) a gastrointestinal drug;
- (2) a cholesterol-lowering drug;
- (3) an anti-inflammatory drug;
- (4) an antihistamine; and
- (5) an antidepressant drug.

(c) Requires the board of trustees every six months to submit to the comptroller and to the Legislative Budget Board a report regarding any cost savings achieved in the program through implementation of the prior authorization requirement of this section. Requires a report to 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 PROGRAM. (a) Defines "drug formulary."

(b) Requires a health coverage plan provided under the uniform group coverage program established under Article 3.50-7 of this code that uses a drug formulary in providing a prescription drug benefit to require prior authorization for coverage of the following categories of prescribed drugs if the specific drug prescribed is not included in the formulary:

- (1) a gastrointestinal drug;
- (2) a cholesterol-lowering drug;
- (3) an anti-inflammatory drug;
- (4) an antihistamine drug; and
- (5) an antidepressant drug.

(c) Requires the Teacher Retirement System of Texas every six months to submit to the comptroller and to the Legislative Budget Board a report regarding any cost savings achieved in the uniform group coverage program through implementation of the prior authorization requirement of this article. Requires a report to cover the previous six-month period.

SECTION 4. Provides that the initial reports required by Sections 1551.218(c) and 1575.161(c), Insurance Code, and Subsection (c), Article 3.50-7A, Insurance Code, as added by this Act, are due September 1, 2005.

SECTION 5. Effective date: Provides that this Act takes effect September 1, 2003, and applies to health benefit plans provided under Chapters 1551 and 1575, Insurance Code, as effective June 1, 2003, and health coverage plans subject to Article 3.50-7A, Insurance Code, as added by this Act, beginning with the 2004-2005 plan year.

#### **EFFECTIVE DATE**

This Act takes effect September 1, 2003, and applies to health benefit plans provided under Chapters 1551 and 1575, Insurance Code, as effective June 1, 2003, and health coverage plans subject to Article 3.50-7A, Insurance Code, as added by this Act, beginning with the 2004-2005 plan year.

