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H.B. No. 1744

A BILL TO BE ENTITLED

1 AN ACT

2 relating to prescription drug benefits under the group health
3 benefit programs for certain governmental employees and retired
4 employees.

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

6 SECTION 1. Subchapter E, Chapter 1551, Insurance Code, as
7 effective June 1, 2003, is amended by adding Sections 1551.218 and
8 1551.219 to read as follows:

9 Sec. 1551.218. PRIOR AUTHORIZATION FOR CERTAIN DRUGS. (a)
10 In this section, "drug formulary" means a list of drugs preferred
11 for use and eligible for coverage under a health benefit plan.

12 (b) A health benefit plan provided under this chapter that
13 uses a drug formulary in providing a prescription drug benefit must
14 require prior authorization for coverage of the following
15 categories of prescribed drugs if the specific drug prescribed is
16 not included in the formulary:

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

22 (c) Every six months the board of trustees shall submit to
23 the comptroller and Legislative Budget Board a report regarding any
24 cost savings achieved in the program through implementation of the

1 prior authorization requirement of this section. A report must
2 cover the previous six-month period.

3 Sec. 1551.219. MAIL ORDER REQUIREMENT FOR PRESCRIPTION DRUG
4 COVERAGE PROHIBITED. The board of trustees or a health benefit plan
5 under this chapter that provides benefits for prescription drugs
6 may not require a participant in the group benefits program to
7 purchase a prescription drug through a mail order program. The
8 board or health benefit plan may require that a participant who
9 chooses to obtain a prescription drug through a retail pharmacy or
10 other method other than by mail order pay a deductible, copayment,
11 coinsurance, or other cost-sharing obligation to cover the
12 additional cost of obtaining a prescription drug through that
13 method rather than by mail order.

14 SECTION 2. Subchapter D, Chapter 1575, Insurance Code, as
15 effective June 1, 2003, is amended by adding Section 1575.161 to
16 read as follows:

17 Sec. 1575.161. PRIOR AUTHORIZATION FOR CERTAIN DRUGS. (a)
18 In this section, "drug formulary" means a list of drugs preferred
19 for use and eligible for coverage under a health benefit plan.

20 (b) A health benefit plan provided under this chapter that
21 uses a drug formulary in providing a prescription drug benefit must
22 require prior authorization for coverage of the following
23 categories of prescribed drugs if the specific drug prescribed is
24 not included in the formulary:

- 25 (1) a gastrointestinal drug;
26 (2) a cholesterol-lowering drug;
27 (3) an anti-inflammatory drug;

1 (4) an antihistamine; and

2 (5) an antidepressant drug.

3 (c) Every six months the board of trustees shall submit to
4 the comptroller and Legislative Budget Board a report regarding any
5 cost savings achieved in the program through implementation of the
6 prior authorization requirement of this section. A report must
7 cover the previous six-month period.

8 SECTION 3. Subchapter E, Chapter 3, Insurance Code, is
9 amended by adding Article 3.50-7A to read as follows:

10 Art. 3.50-7A. PRIOR AUTHORIZATION FOR CERTAIN DRUGS
11 PROVIDED UNDER TEXAS SCHOOL EMPLOYEES UNIFORM GROUP COVERAGE
12 PROGRAM. (a) In this article, "drug formulary" means a list of
13 drugs preferred for use and eligible for coverage by a health
14 coverage plan.

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

21 (1) a gastrointestinal drug;

22 (2) a cholesterol-lowering drug;

23 (3) an anti-inflammatory drug;

24 (4) an antihistamine drug; and

25 (5) an antidepressant drug.

26 (c) Every six months the Teacher Retirement System of Texas
27 shall submit to the comptroller and Legislative Budget Board a

1 report regarding any cost savings achieved in the uniform group
2 coverage program through implementation of the prior authorization
3 requirement of this article. A report must cover the previous
4 six-month period.

5 SECTION 4. The initial reports required by Sections
6 1551.218(c) and 1575.161(c), Insurance Code, and Subsection (c),
7 Article 3.50-7A, Insurance Code, as added by this Act, are due
8 September 1, 2005.

9 SECTION 5. This Act takes effect September 1, 2003, and
10 applies to health benefit plans provided under Chapters 1551 and
11 1575, Insurance Code, as effective June 1, 2003, and health
12 coverage plans subject to Article 3.50-7A, Insurance Code, as added
13 by this Act, beginning with the 2004-2005 plan year.