- 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. Section 1551.205, Insurance Code, as effective
- 7 June 1, 2003, is amended to read as follows:
- 8 Sec. 1551.205. LIMITATIONS. The board of trustees may not
- 9 contract for or provide a coverage plan that:
- 10 (1) excludes or limits coverage or services for
- 11 acquired immune deficiency syndrome, as defined by the Centers for
- 12 Disease Control and Prevention of the United States Public Health
- 13 Service, or human immunodeficiency virus infection; [or]
- 14 (2) provides coverage for serious mental illness that
- 15 is less extensive than the coverage provided for any physical
- 16 illness; or
- 17 (3) may provide coverage for prescription drugs to
- assist in stopping smoking at a lower benefit level than is provided
- 19 for other prescription drugs.
- 20 SECTION 2. Subchapter E, Chapter 1551, Insurance Code, as
- 21 effective June 1, 2003, is amended by adding Sections 1551.218 and
- 22 1551.219 to read as follows:
- Sec. 1551.218. PRIOR AUTHORIZATION FOR CERTAIN DRUGS.
- 24 (a) In this section, "drug formulary" means a list of drugs

- 1 preferred for use and eligible for coverage under a health benefit
- 2 plan.

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- 3 (b) A health benefit plan provided under this chapter that
- 4 uses a drug formulary in providing a prescription drug benefit must
- 5 require prior authorization for coverage of the following
- 6 categories of prescribed drugs if the specific drug prescribed is
- 7 not included in the formulary:
- 8 <u>(1) a gastrointestinal drug;</u>
  - (2) a cholesterol-lowering drug;
- 10 (3) an anti-inflammatory drug;
- 11 (4) an antihistamine drug; and
- 12 <u>(5)</u> an antidepressant drug.
- 13 <u>(c) Every six months the board of trustees shall submit to</u>
  14 the comptroller and Legislative Budget Board a report regarding any
- 15 cost savings achieved in the group benefits program through
- 16 implementation of the prior authorization requirement of this
- 17 section. A report must cover the previous six-month period.
- 18 Sec. 1551.219. MAIL ORDER REQUIREMENT FOR PRESCRIPTION DRUG
- 19 COVERAGE PROHIBITED. The board of trustees or a health benefit plan
- 20 under this chapter that provides benefits for prescription drugs
- 21 may not require a participant in the group benefits program to
- 22 purchase a prescription drug through a mail order program. The
- 23 board or health benefit plan shall require that a participant who
- 24 chooses to obtain a prescription drug through a retail pharmacy or
- other method other than by mail order pay a deductible, copayment,
- 26 <u>coinsurance</u>, or other cost-sharing obligation to cover the
- 27 additional cost of obtaining a prescription drug through that

- 1 method rather than by mail order.
- 2 SECTION 3. Subchapter D, Chapter 1575, Insurance Code, as
- 3 effective June 1, 2003, is amended by adding Section 1575.161 to
- 4 read as follows:
- 5 Sec. 1575.161. PRIOR AUTHORIZATION FOR CERTAIN DRUGS.
- 6 (a) In this section, "drug formulary" means a list of drugs
- 7 preferred for use and eligible for coverage under a health benefit
- 8 plan.
- 9 (b) A health benefit plan provided under this chapter that
- 10 uses a drug formulary in providing a prescription drug benefit must
- 11 require prior authorization for coverage of the following
- 12 categories of prescribed drugs if the specific drug prescribed is
- 13 not included in the formulary:
- 14 <u>(1) a gastrointestinal drug;</u>
- 15 (2) a cholesterol-lowering drug;
- 16 (3) an anti-inflammatory drug;
- 17 (4) an antihistamine; and
- 18 (5) an antidepressant drug.
- (c) Every six months the board of trustees shall submit to
- 20 the comptroller and Legislative Budget Board a report regarding any
- 21 cost savings achieved in the group program through implementation
- of the prior authorization requirement of this section. A report
- 23 must cover the previous six-month period.
- SECTION 4. Subchapter E, Chapter 3, Insurance Code, is
- amended by adding Article 3.50-7A to read as follows:
- 26 Art. 3.50-7A. PRIOR AUTHORIZATION FOR CERTAIN DRUGS
- 27 PROVIDED UNDER TEXAS SCHOOL EMPLOYEES UNIFORM GROUP COVERAGE

- 1 PROGRAM. (a) In this article, "drug formulary" means a list of
- 2 drugs preferred for use and eligible for coverage by a health
- 3 coverage plan.
- 4 (b) A health coverage plan provided under the uniform group
- 5 <u>coverage program established under Article 3.50-7 of this code that</u>
- 6 uses a drug formulary in providing a prescription drug benefit must
- 7 require prior authorization for coverage of the following
- 8 categories of prescribed drugs if the specific drug prescribed is
- 9 not included in the formulary:
- 10 (1) a gastrointestinal drug;
- 11 (2) a cholesterol-lowering drug;
- 12 <u>(3)</u> an anti-inflammatory drug;
- 13 (4) an antihistamine drug; and
- 14 (5) an antidepressant drug.
- 15 (c) Every six months the Teacher Retirement System of Texas
- 16 shall submit to the comptroller and Legislative Budget Board a
- 17 report regarding any cost savings achieved in the uniform group
- 18 coverage program through implementation of the prior authorization
- 19 requirement of this article. A report must cover the previous
- 20 six-month period.
- 21 SECTION 5. The initial reports required by Subsection (c),
- 22 Section 1551.218, and Subsection (c), Section 1575.161, Insurance
- 23 Code, and Subsection (c), Article 3.50-7A, Insurance Code, as added
- 24 by this Act, are due September 1, 2005.
- 25 SECTION 6. Section 1551.205(3), Insurance Code, as added by
- 26 this Act applies only to coverage contracted for or provided by the
- 27 board of trustees established under Chapter 815, Government Code,

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- 1 to administer the Employees Retirement System of Texas on or after
- 2 September 1, 2004. Coverage contracted for or provided by the board
- 3 of trustees before September 1, 2004, is governed by the law in
- 4 effect immediately before the effective date of this Act, and that
- 5 law is continued in effect for that purpose.
- 6 SECTION 7. This Act takes effect September 1, 2003, and
- 7 applies to health benefit plans provided under Chapters 1551 and
- 8 1575, Insurance Code, as effective June 1, 2003, and health
- 9 coverage plans subject to Article 3.50-7A, Insurance Code, as added
- 10 by this Act, beginning with the 2004-2005 plan year.

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May 13, 2003, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 31, 2003, by the following vote: Yeas 30, Nays 0.  Secretary of the Senate	
Senate concurred in House amendments on May 31, 2003, by the following vote: Yeas 30, Nays 0.  Secretary of the Senate  I hereby certify that S.B. No. 1173 passed the House, with amendments, on May 28, 2003, by the following vote: Yeas 138, Nays 0, two present not voting.  Chief Clerk of the House  Approved:	President of the Senate Speaker of the House
Secretary of the Senate  I hereby certify that S.B. No. 1173 passed the House, with amendments, on May 28, 2003, by the following vote: Yeas 138, Nays O, two present not voting.  Chief Clerk of the House  Approved:	I hereby certify that S.B. No. 1173 passed the Senate on
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	Chief Clerk of the House
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