

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 13, 2005

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: SB601 by Van de Putte (Relating to importing prescription drugs for use in state-funded programs that provide health care services or benefits.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would direct the Employees Retirement System (ERS) to conduct a detailed study to determine whether importing prescription drugs from a foreign country for use in the state employees group benefit program (GBP) would be safe, feasible, and cost-effective.

ERS would be able to enter into interagency contracts to extend the study to other state-funded programs that provide health care services or benefits and consult with other state agencies as appropriate. Not later than September 1, 2006, ERS would be required to report the results of the study, including proposed legislation necessary to implement any recommendations contained in the report, to the governor, lieutenant governor, speaker of the house of representatives, and appropriate standing committees of the legislature.

Article IX, Section 10.09 of the General Appropriations Bill passed by the Senate, provides additional reporting requirements and provides a funding mechanism for the study through interagency contract. The rider requires the 20 state agencies having the greatest number of employees to contract with the Employees Retirement System of Texas for the purpose of funding the study. Based on an anticipated cost of \$250,000, each agency would enter into an interagency contract with ERS and provide \$12,500 for the study. This rider implements the recommendation in the Potential Savings from Prescription Drug Importation report submitted to the 79th Legislature as part of the Legislative Budget Board's *Staff Performance Report, State Government Efficiency and Operations*.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

LBB Staff: JOB, SR, JI, RCI