

BILL ANALYSIS

Senate Research Center
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S.B. 1834
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Pharmacy benefit managers (PBM) are one of the most influential factors affecting the cost of health care. PBM mail order and specialty drug offerings have touted significant savings in self-referred information. However, PBMs for the state's benefits have refused to provide needed information to determine whether aggregate savings are being achieved. Studies cited by PBMs do not include the cost data used to calculate results in such studies, and without this information it is impossible to determine whether self-referred mail order and specialty drug offerings are actually saving consumers money. A recent study conducted by The University of Texas Center for Pharmoeconomic Studies raises doubts that mail order and specialty mail order drug offerings save money over an identical benefit delivered at a retail community pharmacy.

As proposed, S.B. 1834 requires pharmacy benefit management programs to provide annualized and confidential disclosure of actual acquisition costs for audit purposes to ensure that the state is receiving the best value of services and products at the lowest cost.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 531, Government Code, by adding Sections 531.0746, 531.0747, and 531.0748, as follows:

Sec. 531.0746. SPECIALTY PHARMACY SERVICES. (a) Defines "pharmacy benefit manager" and "specialty pharmacy service."

(b) Requires a contract with a pharmacy benefit manager (PBM) entered into with respect to any program under the jurisdiction of the Health and Human Services Commission (HHSC) that includes specialty pharmacy services to provide that the PBM is required to provide certain services and perform certain duties.

Sec. 531.0747. MAIL ORDER PHARMACY SERVICES. (a) Defines "mail order pharmacy" and "pharmacy benefit manager."

(b) Requires a contract with a PBM entered into with respect to any program under the jurisdiction of HHSC that includes pharmacy services to provide that the PBM is required to agree to charge HHSC on an acquisition cost basis, which may include a dispensing fee, for all prescriptions filled by a mail order pharmacy, based on actual inventory costs or wholesale acquisition cost.

Sec. 531.0748. PHARMACY BENEFIT MANAGERS: DESIGNATION OF CONFIDENTIAL INFORMATION. (a) Authorizes a PBM to designate as confidential any information the PBM is required to disclose to comply with Section 531.0746 or 531.0747.

(b) Prohibits information designated as confidential under this section from being disclosed by HHSC to any person without the consent of the PBM unless under certain circumstances.

SECTION 2. Amends Subchapter D, Chapter 1001, Health and Safety Code, by adding Sections 1001.081, 1001.082, and 1001.083, as follows:

Sec. 1001.081. SPECIALTY PHARMACY SERVICES. (a) Defines "pharmacy benefit manager" and "specialty pharmacy service."

(b) Requires a contract with a PBM entered into with respect to any program under the jurisdiction of the Department of State Health Services (DSHS) that includes specialty pharmacy services to provide that the PBM is required to provide certain services and perform certain duties.

Sec. 1001.082. MAIL ORDER PHARMACY SERVICES. Defines "mail order pharmacy" and "pharmacy benefit manager."

(b) Requires a contract with a PBM entered into with respect to any program under the jurisdiction of DSHS that includes pharmacy services to provide that the PBM is required to agree to charge DSHS on an acquisition cost basis, which may include a dispensing fee, for all prescriptions filled by a mail order pharmacy, based on actual inventory costs or wholesale acquisition cost.

Sec. 1001.083. PHARMACY BENEFIT MANAGERS: DESIGNATION OF CONFIDENTIAL INFORMATION. (a) Authorizes a PBM to designate as confidential any information the PBM is required to disclose to comply with Section 1001.081 or 1001.082.

(b) Prohibits information designated as confidential under this section from being disclosed by DSHS to any person without the consent of the PBM unless under certain circumstances.

SECTION 3. Amends Subchapter B, Chapter 1551, Insurance Code, by adding Sections 1551.073, 1551.074, and 1551.075, as follows:

Sec. 1551.073. SPECIALTY PHARMACY SERVICES. (a) Defines "pharmacy benefit manager" and "specialty pharmacy service."

(b) Requires a contract with a PBM entered into with respect to the group benefits program under the jurisdiction of the board of trustees established under Chapter 815 (Administration), Government Code, to administer the Employee Retirement System of Texas (board of trustees) that includes specialty pharmacy services to provide that the PBM is required to provide certain services and perform certain duties.

Sec. 1551.074. MAIL ORDER PHARMACY SERVICES. (a) Defines "mail order pharmacy" and "pharmacy benefit manager."

(b) Requires a contract with a PBM entered into with respect to any program under the jurisdiction of the board of trustees that includes pharmacy services to provide that the PBM is required to agree to charge the board of trustees on an acquisition cost basis, which may include a dispensing fee, for all prescriptions filled by a mail order pharmacy, based on actual inventory costs or wholesale acquisition cost.

Sec. 1551.075. PHARMACY BENEFIT MANAGERS: DESIGNATION OF CONFIDENTIAL INFORMATION. (a) Authorizes a PBM to designate as confidential any information the PBM is required to disclose to comply with Section 1551.073 or 1551.074.

(b) Prohibits information designated as confidential under this section from being disclosed by the board of trustees to any person without the consent of the PBM unless under certain circumstances.

SECTION 4. Amends Subchapter B, Chapter 1575, Insurance Code, by adding Sections 1575.062, 1575.063, and 1575.064, as follows:

Sec. 1575.062. SPECIALTY PHARMACY SERVICES. (a) Defines "pharmacy benefit manager" and "specialty pharmacy service."

(b) Requires a contract with a pharmacy benefit manager entered into with respect to a group benefits program under the jurisdiction of the Teacher Retirement System of Texas (trustee) that includes specialty pharmacy services to provide that the PBM is required to provide certain services and perform certain duties.

Sec. 1575.063. MAIL ORDER PHARMACY SERVICES. (a) Defines "mail order pharmacy" and "pharmacy benefit manager."

(b) Requires a contract with a PBM entered into with respect to any program under the jurisdiction of the trustee that includes pharmacy services to provide that the PBM is required to agree to charge the trustee on an acquisition cost basis, which may include a dispensing fee, for all prescriptions filled by a mail order pharmacy, based on actual inventory costs or wholesale acquisition cost.

Sec. 1575.064. PHARMACY BENEFIT MANAGERS: DESIGNATION OF CONFIDENTIAL INFORMATION. (a) Authorizes a PBM to designate as confidential any information the PBM is required to disclose to comply with Section 1575.062 or 1575.063.

(b) Prohibits information designated as confidential under this section from being disclosed by the trustee to any person without the consent of the PBM unless the under certain circumstances.

SECTION 5. Amends Subchapter B, Chapter 1579, Insurance Code, by adding Sections 1579.061, 1579.062, and 1579.063, as follows:

Sec. 1579.061. SPECIALTY PHARMACY SERVICES. (a) Defines "pharmacy benefit manager" and "specialty pharmacy service."

(b) Requires a contract with a PBM entered into with respect to any program under the jurisdiction of the uniform group coverage program (program) established under Chapter 1579 (Texas School Employees Uniform Group Health Coverage), Insurance Code, that includes specialty pharmacy services to provide that the PBM is required to provide certain services and perform certain duties.

Sec. 1579.062. MAIL ORDER PHARMACY SERVICES. (a) Defines "mail order pharmacy" and "pharmacy benefit manager."

(b) Requires a contract with a PBM entered into with respect to a group benefits program under the jurisdiction of the program that includes pharmacy services to provide that the PBM is required to agree to charge the program on an acquisition cost basis, which may include a dispensing fee, for all prescriptions filled by a mail order pharmacy, based on actual inventory costs or wholesale acquisition cost.

Sec. 1579.063. PHARMACY BENEFIT MANAGERS: DESIGNATION OF CONFIDENTIAL INFORMATION. (a) Authorizes a PBM to designate as confidential any information the PBM is required to disclose to comply with Section 1579.061 or 1579.062.

(b) Prohibits information designated as confidential under this section from being disclosed by the program to any person without the consent of the PBM unless under certain circumstances.

SECTION 6. Makes application of this Act prospective.

SECTION 7. Effective date: upon passage or September 1, 2007.