

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 24, 2009

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

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

IN RE: HB1138 by Shelton (Relating to information required on pharmacy benefit cards.),
Committee Report 1st House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would require certain healthcare plans to print additional information on the front of pharmacy benefit identification cards, if it is not currently on the front of the card. The additional information would include: the name of the entity administering the pharmacy benefits if the entity is different from the health benefit plan issuer; the group number applicable to the enrollee; an identification number for the enrollee, which may not be the enrollee's social security number; the bank identification number necessary for electronic billing; the effective date of the coverage evidenced by the card; and copayment information for generic and brand name prescription drugs. In addition, the issuer of a health benefit plan shall include on the identification card the logo of the entity administering the pharmacy benefits if the entity is different from the health benefit plan issuer, and the telephone number for contacting an appropriate person to obtain information relating to the pharmacy benefits provided under the plan. Finally, an issuer of a health benefit plan may provide the required information in electronically readable form on the back of the identification card. The bill would be effective September 1, 2009 and would apply to coverage issued or renewed after on or after January 1, 2010.

Both The University of Texas System and The Texas A&M University System report that the bill's provisions would not result in a significant fiscal impact to the systems. The Health and Human Services Commission reports that the bill would not have a fiscal impact on the Commission because neither the Medicaid nor the Children's Health Insurance Program (CHIP) managed care organizations provide pharmacy benefits. Thus, the bill's provisions would not apply to Medicaid and CHIP.

The Employees Retirement System (ERS) reports that it projects having to re-issue identification cards in both fiscal year 2010 and 2011 due to changing prescription drug copayments, resulting in an approximate cost of \$270,000 each year new cards have to be reproduced. It is assumed that these costs can be absorbed by the agency with current resources. The Teacher Retirement System (TRS) reports that the provisions of the bill would require TRS to issue new cards with the required information. The projected cost for the issuance of new cards to current enrollees of TRS-Care is approximately \$205,000, and it is assumed that the agency can absorb these costs with current resources. The TRS-ActiveCare plan is self-funded, so the cost of issuing new identification cards would have no fiscal impact on the state.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 529 Health and Human Services Commission, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

LBB Staff: JOB, KJG, DEH