

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

Revision 1

May 5, 2009

TO: Honorable Lois W. Kolkhorst, Chair, House Committee on Public Health

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

IN RE: HB3719 by King, Susan (Relating to preferred drug lists adopted by the Health and Human Services Commission and associated requirements regarding supplemental rebates, prior authorization, and public notification.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 531 of the Government Code regarding information that is confidential with respect to the Medicaid Vendor Drug program's preferred drug list (PDL). The bill would allow the PDL to contain drugs for which no supplemental rebate agreement was reached if it would not have a negative cost impact to the state. It would require the Health and Human Services Commission (HHSC) to consider including all strengths and dosages of a drug on the PDL, and to consider including multiple methods of delivery within each drug class, including liquid, tablet, capsule, and orally disintegrating tablet.

The bill would require the commission to ensure that prior authorization requests may be submitted by telephone, facsimile, or electronic communications via the Internet. HHSC would provide an automated process to determine whether a drug may be dispensed without an additional prior authorization request.

The bill would require HHSC to publish on the Internet specific non-confidential information regarding HHSC decisions concerning preferred drug list placement of individual drug products.

The bill would be effective September 1, 2009.

The requirement for the agency to consider including multiple dosages and methods of delivery is assumed to have no fiscal impact; it is assumed that the agency would not implement unless there was no significant fiscal impact to do so. It is assumed that the automated process for certain drug dispensing without prior authorization would require system programming expenditures. The requirement to publish HHSC PDL decisions on the Internet would result in an increased amount of staff time and resources needed to post the detailed information requested. It is assumed that these costs could be absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, PP, MB