

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 20, 2009

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB704 by Nelson (Relating to disclosure of the prices charged to state agencies in connection with pharmacy benefit manager services.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

The bill would amend the Insurance Code to require, at the request of another state agency, information be disclosed relating to the amount charged by a pharmacy benefit manager for pharmacy benefit manager services provided under a prescription drug program. The information received by a state agency may not be disclosed to a person outside of the state agency or its agents.

The bill would amend the Insurance Code to require the Texas Department of Insurance (TDI) to conduct a study to evaluate the ways in which pharmacy benefit managers use prescription drug information. The costs associated with conducting the study can be absorbed within existing TDI resources.

The bill would amend the Insurance Code by defining criteria for certain contracts with Pharmacy Benefit Managers (PBMs) and the following state agencies: Employees Retirement System, Teacher's Retirement System, Texas A&M University System and/or The University of Texas System.

The bill would amend the Insurance Code to require multiple month supplies of prescription drugs be available to enrollees via retail pharmacies. The bill would require PBMs to provide the health plan with an electronic report containing the actual acquisition costs of all drugs and identification of all rebates. The bill would authorize TDI to investigate complaints concerning this regulation. The bill would allow a health benefit plan to charge differential co-pays when a member uses retail pharmacies instead of mail order prescriptions.

The Texas Department of Insurance, Teacher Retirement System, and the Employees Retirement System indicate that provisions of the bill would not have a significant fiscal impact.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

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