

## **BILL ANALYSIS**

H.B. 762  
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Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

There is concern that Texas is not taking full advantage of opportunities to reduce prescription drug costs for state health plans and state university employees. Pill splitting is a prescription drug cost-saving strategy that involves dispensing half the amount of the pills at twice the dose for a lower price. It has been reported that in recent years, more than 350,000 Texas state employees used medications suitable for pill splitting and that state health plan expenditures in those same years for these medications exceeded as much as \$250 million. In an effort to reduce certain health plan costs for certain public employees and achieve cost savings that have been estimated by the Legislative Budget Board in the hundreds of millions of dollars over the next biennium, H.B. 762 requires the Employees Retirement System of Texas, the Teacher Retirement System of Texas, The University of Texas System, and The Texas A&M University System to design and establish voluntary pill splitting programs with copayment reductions to provide incentives for participation.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the board of trustees of the Employees Retirement System of Texas in SECTION 1 of this bill, the Teacher Retirement System of Texas in SECTIONS 2 and 3 of this bill, and The University of Texas System and The Texas A&M University System in SECTION 4 of this bill.

### **ANALYSIS**

H.B. 762 amends the Insurance Code to require the board of trustees of the Employees Retirement System of Texas, the Teacher Retirement System of Texas, The University of Texas System, and The Texas A&M University System, for purposes of the Texas Employees Group Benefits Act, the Texas Public School Retired Employees Group Benefits Act, the Texas School Employees Uniform Group Health Coverage Act, and the State University Employees Uniform Insurance Benefits Act by rule to design and establish a voluntary pill splitting program. The bill requires the program to include a copayment reduction incentive for individuals covered by the group benefits program, group program, health coverage plan, or health benefit plan, as applicable, who participate in the pill splitting program and to require an individual who participates in the program to obtain a prescription for an eligible prescription pill authorizing pill splitting from the prescribing physician before participating and personally split the eligible prescription pill. The bill requires the board of trustees of the Employees Retirement System of Texas, the Teacher Retirement System of Texas, The University of Texas System, and The Texas A&M University System, as directed by the pill splitting committee, to adopt the list of eligible prescription pills as established and updated by the committee and to make a list of eligible prescription pills and educational materials developed by the committee available to all persons covered by the applicable plan or program. The bill establishes that a manufacturer is not subject to criminal prosecution or liable for damages in a civil action for an injury, death, or loss to a person or of property arising out of the program. The bill prohibits its provisions relating to the pill splitting program from being construed to create or affect a cause of action against a manufacturer. The bill requires the board of trustees of the Employees Retirement System of

Texas, the Teacher Retirement System of Texas, The University of Texas System, and The Texas A&M University System to report at least annually to the Legislative Budget Board and the governor on the design of the pill splitting program, the medications included on the list of eligible prescription pills, participation in the program, and cost savings resulting from the program. The bill makes the initial reports due not later than September 1, 2013. The bill defines "eligible prescription pill" and "pill splitting" and provides for the meaning of "manufacturer" by reference to the Health and Safety Code.

H.B. 762 amends the Occupations Code to require the Texas State Board of Pharmacy to establish a committee to prepare and periodically update for purposes of the pill splitting program a list of prescription pills that are appropriate for splitting and would not be chemically destabilized or rendered therapeutically ineffective if split. The bill requires the committee to consist of a pharmacist member of the board who serves as presiding officer of the committee, two community pharmacists, two health system pharmacists, and two physicians. The bill requires the committee to develop and make available for distribution to program participants educational materials that must include plain language instruction about safely and effectively splitting an eligible prescription pill and information about pills that are eligible for splitting, characteristics of an individual suited to participate in a pill splitting program, and ways to enroll and participate in a pill splitting program.

H.B. 762 makes its provisions applicable only to a health benefit plan beginning with the 2011-2012 plan year.

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.