

Amend CSHB 595 (house committee report) as follows:

(1) On page 1, line 4, strike "(a)".

(2) On page 1, strike line 6.

(3) Add the following appropriately numbered SECTIONS to the bill and renumber subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 533.005(a-1), Government Code, is amended to read as follows:

(a-1) The requirements imposed by Subsections (a)(23)(A), (B), and (C) do not apply, and may not be enforced, on and after August 31, 2015 [~~2013~~].

SECTION _____. Subchapter A, Chapter 533, Government Code, is amended by adding Section 533.0031 to read as follows:

Sec. 533.0031. MANAGED CARE ORGANIZATION PHARMACY BENEFIT PILOT PROGRAM. (a) In this section, "pilot program" means the managed care organization pharmacy benefit pilot program.

(b) The commission shall contract with managed care organizations to develop and implement a managed care organization pharmacy benefit pilot program for the enrolled recipients of the STAR Medicaid managed care program and the children's health insurance program that:

(1) fully integrates drug benefits to improve the coordination and management of drug therapies and drug utilization and to improve the detection of fraud, waste, and abuse;

(2) improves clinical outcomes and program efficiencies; and

(3) implements cost-effective strategies to ensure the use of quality, safe, and cost-effective prescription drugs.

(c) The pilot program must include:

(1) a drug program formulary, preferred drug lists, clinical edits, and prior authorization and other pharmacy benefit program criteria developed by the managed care organization to ensure the organization's ability to improve outcomes and to reduce waste, fraud, and abuse under the Medicaid program and children's health insurance program;

(2) a preferred drug list adopted by the pharmacy and therapeutics committee established by the organization; and

(3) prior authorization procedures and requirements

adopted by a pharmacy and therapeutics committee established by the organization.

(d) A pharmacy benefit program administered by a managed care organization that contracts with the commission under Subsection (b) is not subject to Sections 531.071-531.073, including any provisions related to the vendor drug program operated by the commission and other vendor program rules, except that the organization may not receive drug pricing or rebate information that is identified as confidential under Section 531.071.

(e) The managed care organization is not subject to Section 531.070 and shall negotiate, manage, and collect supplemental rebates.

(f) Not later than September 1, 2013, the commission shall implement the pilot program in two service delivery areas, including one rural service area and one urban area for the STAR Medicaid managed care program and the children's health insurance program.

(g) Unless continued by the commission, the pilot program expires August 31, 2015.

(h) The commission shall contract with an independent research facility to conduct a study and determine the results of the pilot program, including quality and patient outcomes, cost-effectiveness, savings generated as a result of the pilot program, patient satisfaction, and overall oversight of the pharmacy benefit. The study must include:

(1) a comparison of the study results to the commission's vendor drug program; and

(2) recommendations from the Medicaid and CHIP Quality-Based Payment Advisory Committee on the parameters of the study and organizations that the commission should consider for the delivery of services.

(i) Not later than December 1, 2014, the commission shall submit a report of the study required under Subsection (h) to the legislature.