

## **BILL ANALYSIS**

H.B. 1133  
By: Sheffield  
Appropriations  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

According to interested parties, pharmacies in recent years have seen a significant reduction in reimbursements for prescription drugs under Medicaid. H.B. 1133 seeks to address this issue by implementing a reimbursement methodology that will increase transparency and make the treatment of pharmacies, patients, and taxpayers more equitable.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 1133 amends the Government Code to require a managed care organization that contracts with the Health and Human Services Commission (HHSC) under the Medicaid managed care program or a pharmacy benefit manager administering a pharmacy benefit program on behalf of the managed care organization to reimburse a pharmacy or pharmacist that dispenses a prescribed prescription drug to a recipient for not less than the lesser of the average of Texas pharmacies' actual acquisition cost (AAC) for the drug, plus a dispensing fee that is not less than a minimum amount adopted by rule by the executive commissioner of HHSC, or the amount claimed by the pharmacy or pharmacist, including the gross amount due or the usual and customary charge to the public for the drug. The bill requires the methodology adopted by rule by the executive commissioner to determine Texas pharmacies' AAC to be consistent with the actual prices Texas pharmacies pay to acquire prescription drugs marketed or sold by a specific manufacturer and authorizes the methodology to be based on the National Average Drug Acquisition Cost published by the Centers for Medicare and Medicaid Services or another publication approved by the executive commissioner. The bill requires the executive commissioner to develop a process for the periodic study of Texas pharmacies' AAC for prescription drugs and to publish the results of each study on the HHSC website. The bill requires the dispensing fee adopted by the executive commissioner to be based on Texas pharmacies' dispensing costs for prescription drugs. The bill requires HHSC, not less frequently than once every five years, to conduct a study of Texas pharmacies' dispensing costs for prescription drugs and requires the executive commissioner, based on the results of the study, to consider amending the minimum amount of the dispensing fee.

H.B. 1133 removes from the required contents of a Medicaid managed care contract between a managed care organization and HHSC regarding an outpatient pharmacy benefit plan certain specified requirements a managed care organization or pharmacy benefit manager must satisfy

relating to the criteria for a drug to be placed on the maximum allowable cost list, the formulation of the maximum allowable cost price for a drug, the elimination of drugs from the maximum allowable cost list and the modification of prices of drugs on the list, and the notification of HHSC after the implementation of a practice of using a maximum allowable cost list for drugs dispensed at retail but not by mail. The bill instead requires that outpatient pharmacy benefit plan contract provision to require the managed care organization or pharmacy benefit manager to comply with the bill's provisions relating to reimbursement methodology for prescription drugs as a condition of contract retention and renewal. The bill replaces references to the maximum allowable cost list with references to the drug reimbursement price list and replaces references to the maximum allowable cost price with references to the AAC price. The bill repeals a provision providing for the confidentiality of a maximum allowable cost list specific to a provider and maintained by a managed care organization or pharmacy benefit manager.

H.B. 1133 amends the Health and Safety Code to require a managed care organization providing pharmacy benefits under the child health plan program or a pharmacy benefit manager administering a pharmacy benefit program on behalf of the managed care organization to comply with the bill's provisions relating to reimbursement methodology for prescription drugs.

H.B. 1133 amends the Human Resources Code to change the pricing standard required to be used by HHSC to determine reimbursement amounts under the Medicaid vendor drug program from a nationally recognized, unbiased pricing standard for prescription drugs to the reimbursement methodology provided under the bill's provisions.

H.B. 1133 repeals Section 533.005(a-2), Government Code.

#### **EFFECTIVE DATE**

March 1, 2018.