

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 18, 2017

TO: Honorable Richard Peña Raymond, Chair, House Committee on Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1922 by Schwertner (Relating to contract requirements for prescription drug benefits provided by Medicaid managed care organizations and a study regarding Medicaid prior authorization requirements for certain prescription drugs.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would require the Health and Human Services Commission (HHSC) to conduct a study by September 1, 2018 to determine the prescription drug classes for which prior authorizations are required and conduct a new study every ten years thereafter. The bill would extend certain requirements pertaining to Medicaid managed care organizations employing the state's vendor drug program formulary, preferred drug list (PDL), and prior authorization procedures through August 31, 2023.

It is assumed the cost of the initial study to determine drug classes for which prior authorizations are required can be absorbed within HHSC's existing resources. HHSC conducted a study to identify potential savings attributed to carving the vendor drug program formulary, PDL, and prior authorization procedures into managed care. However, cost containment strategies identified in the study can be implemented by HHSC regardless of who controls the formulary, PDL, and prior authorization procedures; therefore, there are no significant costs or savings associated with the provisions of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: UP, CL, LR, KCA, RGU