

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 25, 2019**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate  
Honorable Dennis Bonnen, Speaker of the House, House of Representatives

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** **SB1096** by Perry (Relating to the Medicaid managed care program, including the provision of pharmacy benefits.), **Conference Committee Report**

The fiscal implications of the bill cannot be determined at this time but a cost would be anticipated.

The agency is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the agency may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

The bill would require the Health and Human Services Commission (HHSC) in contracts with Medicaid managed care organizations to prohibit use of non-clinical prior authorizations, or prior authorization imposed by HHSC to minimize fraud, waste, or abuse, or other barriers to a drug prescribed to a child enrolled in STAR Kids if the drug is on the vendor drug program formulary. The bill would also prohibit the use of additional prior authorization for a drug included on the preferred drug list, would provide for continued access to drugs provided to children enrolled in STAR Kids regardless of whether the drug is on the formulary, would prohibit use of protocols that require children enrolled in STAR Kids to first use drugs other than those recommended by their physician, and would require assessment of liquidated damages for failure to comply with these provisions. HHSC would be required to seek to amend contracts to include the provisions of the bill no later than September 1, 2020. According to HHSC, the provisions of the bill may result in utilization of higher cost drugs or drugs not included on the vendor drug program formulary for which federal matching funds may not be available. The extent to which this would occur cannot be determined but a cost would be anticipated.

The bill would also require HHSC to conduct a utilization review of a sample of cases of children enrolled in STAR Kids at least once every two years to ensure that prior authorizations are not being used to negatively impact a recipient's access to care. According to HHSC, additional costs related to utilization review requirements would not be significant and could be absorbed with existing resources. The bill would take effect September 1, 2019.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** WP, AKi, EP, MDI, LR