

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 9, 2021

TO: Honorable Tom Oliverson, Chair, House Committee on Insurance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB18 by Oliverson (relating to establishment of the prescription drug savings program for certain uninsured individuals.), **Committee Report 1st House, Substituted**

The fiscal implications of the bill cannot be determined at this time because the amount of pharmaceutical rebates the Health and Human Services Commission would be able to receive is unknown.

The bill would amend the Health and Safety Code to require the Health and Human Services Commission (HHSC) to develop and implement a prescription drug savings programs that partners with a pharmacy benefit manager (PBM) to make prescription drugs available at a discounted rate to uninsured individuals. The bill would allow HHSC to contract with a third-party administrator or other entity to administer the program. Individuals who are residents of Texas, citizens or lawful permanent residents of the United States, and uninsured, as determined by HHSC, would be eligible for the program. The bill would also allow HHSC to consider an applicant's financial vulnerability as an additional factor in determining eligibility.

The bill would require HHSC to publish, on the commission's website, all average consumer costs for each prescription drug available through the program.

The bill would require HHSC and the contracted PBM to integrate manufacturer and other third-party patient assistance programs into the program to the extent feasible.

The bill would require HHSC to conduct a community outreach and education campaign to provide information regarding the program.

The bill would establish a trust fund outside of the state treasury if the state receives federal funding that may be used for purposes of the program and if the funding is directed to be deposited to the credit of the fund. The fund would consist of: gifts, grants, and donations received for the fund; legislative appropriations; federal money available to be used for the program; and interest, dividends, and other income of the account. HHSC would administer the fund as trustee for the benefit of the program. HHSC would be required to ensure money spent from the fund is cost neutral after collecting prescription drug rebates under the program. The bill would allow HHSC to solicit and accept gifts, grants, and donations for the account. HHSC would be prohibited from implementing the program unless federal funding is provided and available for deposit to the fund. One-time startup costs could only be paid for with federal funding in the fund.

If, on the fourth anniversary of the program, the fund is depleted and the cost of administering the program excess revenue from enrollee cost sharing, HHSC would be required to suspend the program and seek legislative approval to continue its operation.

The bill would allow HHSC to implement cost sharing requirements for program enrollees.

The bill would require HHSC to implement fraud prevention and detection procedures for entities involved in the program.

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program in providing post-rebate insulin to enrollees and submit the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of standing committees of the legislative with jurisdiction over HHSC not later than February 14, 2023.

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program in providing to enrollees all of the post-rebate formulary of prescription drugs and submit the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of standing committees of the legislative with jurisdiction over HHSC not later than February 14, 2025.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

If federal money is available for this purpose, then there would be a significant cost, however, the fiscal implications cannot be determined at this time because the amount of pharmaceutical rebates HHSC would be able to receive is unknown.

If federal money is not available for this purpose, HHSC would be prohibited from implementing the program, and therefore no fiscal implication to the State would be anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 529 Hlth & Human Svcs Comm

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