LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 29, 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.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB18, As Introduced : a negative impact of ($64,655,951) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

Fiscal Year	**Probable Net Positive/(Negative) Impact to *General Revenue Related Funds***
2022	($36,622,031)
2023	($28,033,920)
2024	($28,035,389)
2025	($28,036,901)
2026	($28,038,462)

All Funds, Five-Year Impact:

Fiscal Year	**Probable Savings/(Cost) from *General Revenue Fund* 1**	**Probable Savings/(Cost) from *Dept Ins Operating Acct* 36**	*Change in Number of State Employees from FY 2021*
2022	($36,622,031)	($353,804)	11.7
2023	($28,033,920)	($198,610)	10.0
2024	($28,035,389)	($161,161)	9.7
2025	($28,036,901)	($161,161)	9.7
2026	($28,038,462)	($161,161)	9.7

Fiscal Analysis

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

The bill would require the Texas Department of Insurance (TDI), at the request of HHSC, to provide any necessary assistance with the development of the program.

The bill would require TDI to monitor the quality of services provided by the PBM and resolve disputes relating to those services.

The bill would establish the Texas Cares Account as a dedicated amount in the general revenue fund. The account would consist of: gifts, grants, and donations received for the account; legislative appropriations; federal money available to be used for the program; and interest, dividends, and other income of the account. The bill would allow HHSC to solicit and accept gifts, grants, and donations for the account. The bill would require HHSC to terminate the program if the Texas Cares Account lacked sufficient funding to administer the program.

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

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program 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 October 16, 2022.

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.

Methodology

Based on information provided by TDI, the agency would need an additional 3.3 full-time-equivalents (FTEs) in fiscal year 2022, 1.6 FTEs in fiscal year 2023, and 1.3 FTEs in each subsequent year to implement the provisions of the bill. The estimated cost for the additional FTEs is $0.4 million in General Revenue-Dedicated Funds in fiscal year 2022, and $0.2 million in General Revenue-Dedicated Funds in each subsequent year. The estimated cost would be paid from General Revenue-Dedicated Account No. 36, Texas Department of Insurance Operating Account, which is not used for certification.

Based on information provided by HHSC, the agency would need an additional 8.4 FTEs in each fiscal year to implement the provisions of the bill. The estimated cost for the additional FTEs is $1.1 million in General Revenue in fiscal year 2022 and $1.0 million in General Revenue in each subsequent year.

According to HHSC, several technology projects would have to be undertaken in order to implement the provisions of the bill, including: $19.0 million in General Revenue in fiscal year 2022, and $16.0 million in General Revenue in subsequent years, to implement a pharmacy infrastructure to process claims, rebates, and prior authorizations and conduct utilization review; $2.0 million in General Revenue in fiscal year 2022 to implement provider enrollment technology; $1.6 million in General revenue in fiscal year 2022 to modify the Texas Integrated Eligibility Redesign System (TIERS); and $0.9 million in General Revenue in fiscal year 2022 to modify the Eligibility Support Technology (EST).

According to HHSC, the estimated cost for client enrollment activities, including processing enrollments and managing a call center, is $11.0 million in General Revenue in each fiscal year.

According to HHSC, the estimated cost of the study required by the bill would be $1.0 million in General Revenue in fiscal year 2022.

As the bill states that this chapter does not establish an entitlement to assistance, the analysis assumes that program enrollees, not HHSC, would be responsible for the after-discount cost of prescription drugs.

Based on information provided by the Comptroller of Public Accounts, it is assumed that any administrative costs associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Technology

Estimated technology costs are $23.5 million in All Funds in fiscal year 2022 and $16.0 million in All Funds in each subsequent year, including: $19.0 million in fiscal year 2022, and $16.0 million in subsequent years, to implement a pharmacy infrastructure to process claims, rebates, and prior authorizations and conduct utilization review; $2.0 million in fiscal year 2022 to implement provider enrollment technology; $1.6 million in fiscal year 2022 to modify TIERS; $0.9 million in fiscal year 2022 to modify EST; and less than $0.1 million in each fiscal year for FTE-related technology costs.

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

LBB Staff: JMc, AAL, JLI, RD