

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 18, 2021

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1919 by Harris (Relating to certain prohibited practices for certain health benefit plan issuers and certain required and prohibited practices for certain pharmacy benefit managers, including pharmacy benefit managers participating in the Medicaid and child health plan programs.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1919, As Engrossed : an impact of \$0 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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from School Employees UGIP Trust Fund 855	Probable Savings/(Cost) from RETIRED SCHOOL EMP GROUP INSURANCE 989
2022	(\$27,540,000)	(\$6,810,000)
2023	(\$28,360,000)	(\$7,020,000)
2024	(\$29,210,000)	(\$7,230,000)
2025	(\$30,090,000)	(\$7,440,000)
2026	(\$30,990,000)	(\$7,670,000)

Fiscal Analysis

The bill would amend the Insurance Code relating to prohibited practices for certain health benefit plan issuers and certain required and prohibited practices for certain pharmacy benefit managers (PBMs). The bill would require PBMs that contract with a managed care organization that contracts to provide pharmacy benefits under Medicaid or the child health plan program to have a fee schedule that applies to each pharmacy with which the PBM contracts, and prohibits PBMs from directing a patient to use an affiliated pharmacist or pharmacy.

Methodology

Based on information provided by the University of Texas System and the Texas A&M System, the bill would have a cost of \$24.9 million and \$6.9 million respectively in fiscal year 2023 across their component institutions. This cost would be shared by employers and members. It is assumed that these costs would be primarily in Institutional funds. These funds are not appropriated to the institution in the General Appropriations Act (and not reflected in the table above).

Based on information provided by the Teacher Retirement System, the bill would result in costs of \$27.5 million in fiscal year 2022 and \$28.4 million in fiscal year 2023 to the School Employees Uniform Group Insurance Program Trust Fund (Fund 855 - TRS ActiveCare) and \$6.8 million in 2022 and \$7.0 million in 2023 to the Retired School Employee Group Insurance (Fund 989 - TRS-Care).

Based on information provided by the Health and Human Services Commission, there would be no significant fiscal impact to the agency from the bill.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 529 Hlth & Human Svcs Comm, 710 Texas A&M Univ System Admin, 720 UT Sys Admin

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