

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

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**March 29, 2021**

**TO:** Honorable James B. Frank, Chair, House Committee on Human Services

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB2346** by Klick (Relating to the determination of prescription drug reimbursement amounts under the Medicaid vendor drug program.), **As Introduced**

**The fiscal implications of the bill cannot be determined at this time because the Health and Human Services Commission does not have access to the information used by pharmacies to calculate the usual and customary price of prescription drugs.**

The bill would require the Health and Human Services Commission (HHSC) to exclude any discount price offered for a prescription drug, including a discount offered through a third party discount card or a membership discount price, when determining the usual and customary price of the prescription drug for the purposes of determining the reimbursement amount under the Medicaid vendor drug program.

The calculation of the usual and customary price of a prescription drug is performed by individual pharmacies at the point of sale. The analysis assumes pharmacies would continue to calculate the usual and customary price and therefore there is no fiscal implication to the state to perform the calculation. However, if HHSC were required to perform this function, there would be a significant cost to the state.

A change in the way the usual and customary price of prescription drugs are calculated is likely to result in Texas Medicaid paying more for prescription drugs than the prevailing retail market price. However, the fiscal implications of changing the calculation cannot be determined at this time because HHSC does not have access to the information used by pharmacies to calculate the usual and customary price.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Hlth & Human Svcs Comm

**LBB Staff:** JMc, AKI, JLI, RD