

BILL ANALYSIS

H.B. 1283
By: Oliverson
Health Care Reform, Select
Committee Report (Unamended)

BACKGROUND AND PURPOSE

State law establishes content requirements for a managed care contract. Among these requirements are the requirements for managed care organizations (MCOs) operating in the state Medicaid program to adhere to the state's statewide drug formulary, applicable preferred drug list, and prior authorization procedures. These particular requirements are set to lapse on August 31, 2023, after which each MCO would be able to develop their own drug lists and policies for use with their beneficiaries, moving Texas away from the statewide drug formulary model that a number of other states around the country have adopted. This shift would happen at the same time that, according to reports in *Healthcare Dive*, states across the country are identifying potentially fraudulent drug pricing and reimbursement activity by health plans and pharmacy benefit managers. For example, one company that currently operates in Texas has agreed to pay \$477 million in settlements across a number of states for engaging in such activity, including a \$165.6 million settlement with the State of Texas. Use of a statewide single drug formulary and preferred drug list is the best approach for the state Medicaid program because of its financial transparency, budget predictability, patient access and patient protection standardization, and use of the lowest net cost drug to the program. H.B. 1283 seeks to permanently maintain the use of the single statewide drug formulary and preferred drug list by repealing the aforementioned sunset provision.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1283 repeals the Government Code provision that makes the requirements for the outpatient pharmacy benefit plan provided for as part of a Medicaid managed care contract to do the following inapplicable and unenforceable on or after August 31, 2023:

- exclusively employ the state's Medicaid vendor drug program formulary and preserve the state's ability to reduce waste, fraud, and abuse under Medicaid;
- adhere to the applicable preferred drug list adopted by the Health and Human Services Commission; and
- include the prior authorization procedures and requirements prescribed by or implemented under applicable state law for the vendor drug program.

H.B. 1283 amends the Government Code to make a conforming change and provides for the delayed implementation of any provision for which an applicable state agency determines a

federal waiver or authorization is necessary for implementation until the waiver or authorization is requested and granted.

H.B. 1283 repeals Section 533.005(a-1), Government Code.

EFFECTIVE DATE

September 1, 2023.