AN ACT
relating to the Texas Pharmaceutical Initiative and a governing
board and advisory council for the initiative.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. Subtitle D, Title 10, Government Code, is
amended by adding Chapter 2177 to read as follows:

CHAPTER 2177. TEXAS PHARMACEUTICAL INITIATIVE

Sec. 2177.001. DEFINITIONS. In this chapter:
(1) "Advisory council" means the Texas Pharmaceutical
Initiative Advisory Council established under this chapter.
(2) "Board" means the governing board of the
initiative.
(3) "Commission" means the Health and Human Services
Commission.
(4) "Generic biological product" means a biological
product approved pursuant to an application under Section 351(k),
Public Health Service Act (42 U.S.C. Section 262(k)).
(5) "Generic drug" means a prescription drug approved
pursuant to an application under Section 505(j), Federal Food,
Drug, and Cosmetic Act (21 U.S.C. Section 355(j)).
(6) "Initiative" means the Texas Pharmaceutical
Initiative established under this chapter.

Sec. 2177.002. TEXAS PHARMACEUTICAL INITIATIVE. The Texas
Pharmaceutical Initiative is established to provide cost-effective
access to prescription drugs and other medical supplies for:

(1) employees, dependents, and retirees of public higher education systems and institutions;

(2) Employees Retirement System of Texas members;

(3) Teacher Retirement System of Texas members;

(4) persons confined by the Texas Department of Criminal Justice or the Texas Juvenile Justice Department; and

(5) individuals served by a program operated or administered by the health and human services system, as that term is defined by Section 531.001.

Sec. 2177.003. BOARD. (a) The initiative is governed by a board composed of three members appointed by the governor.

(b) The governor shall designate the presiding officer of the board.

(c) A board member serves without compensation but may be reimbursed for travel and other actual and reasonable expenses incurred in the performance of the member's duties on the board.

Sec. 2177.004. BOARD MEMBER QUALIFICATIONS. (a) A person may not serve as a board member if the person:

(1) has held any other elective public office during the preceding five years; or

(2) is an employee of an entity served by the initiative.

(b) Not more than one-third of the members of the board serving at any one time may derive more than 10 percent of their annual income from the health care, insurance, or pharmaceutical industry.
Sec. 2177.005. BOARD POWERS AND DUTIES. (a) The board may:

(1) develop and implement the initiative and any programs established by this chapter;
(2) establish procedures and policies for the administration of the initiative; and
(3) establish procedures to document compliance by board members and personnel with applicable laws governing conflicts of interest.

(b) To carry out the purposes of this chapter and implement the initiative, the board may:

(1) hire and employ an executive director and necessary personnel to provide administrative support;
(2) execute contracts and other instruments and conduct all activities the board determines necessary for those purposes;
(3) authorize one or more board members to execute contracts and other instruments on behalf of the board; and
(4) establish a committee or other similar entity to exercise powers delegated by the board and exercise any other administrative duties or powers as the board considers necessary.

Sec. 2177.006. BUSINESS PLAN. Not later than October 1, 2024, the board shall develop and submit to the governor, the legislature, and the Legislative Budget Board a business plan on:

(1) implementing the initiative, including the initiative’s organizational structure and related programs;
(2) establishing procedures and policies for the administration of the initiative, including documenting the
process and resources required for the provision to individuals
described by Section 2177.002 of the following services:

(A) establishing or contracting for statewide
pharmacy benefit manager services;

(B) establishing policies and conditions to
operate or contract for the operation of a distribution network,
central service center, and associated network of satellite
distribution facilities to distribute prescription drugs and
related medical supplies; and

(C) providing advanced pharmaceutical
preparation and related services, including:

(i) manufacturing generic drugs and generic
biological products;

(ii) providing gene therapies and precision
medicine; and

(iii) providing advanced laboratories for
quality control, preparation, and compounding of drugs in support
of innovative therapeutics and drug research;

(3) establishing procedures to document compliance by
board members and personnel with applicable laws governing
conflicts of interest;

(4) establishing the conditions for state agencies
that facilitate health plans to participate in the initiative;

(5) identifying potential cost savings from
implementation of the initiative;

(6) identifying the funding and resources needed to
implement this chapter; and
providing other board recommendations, with supporting documentation, on continuation of the initiative.

Sec. 2177.007. ADMINISTRATIVE ATTACHMENT. (a) The board is administratively attached to the commission.

(b) The commission shall provide administrative support services to the board as necessary to carry out the purposes of this chapter.

Sec. 2177.008. ADVISORY COUNCIL. (a) The Texas Pharmaceutical Initiative Advisory Council is established to advise the board in implementing this chapter and carrying out the duties imposed on the board under this chapter.

(b) The advisory council is composed of:

(1) the executive commissioner of the commission or the executive commissioner's designee;

(2) the executive director of the Employees Retirement System of Texas or the executive director's designee;

(3) the executive director of the Teacher Retirement System of Texas or the executive director's designee;

(4) the chancellor of The University of Texas System or the chancellor's designee; and

(5) the chancellor of The Texas A&M University System or the chancellor's designee.

Sec. 2177.009. CONFLICTS OF INTEREST. Except as otherwise provided by this chapter, Chapter 572 applies to the initiative.

Sec. 2177.010. EXPIRATION OF CHAPTER. This chapter expires September 1, 2025.

SECTION 2. This Act takes effect immediately if it receives
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a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2023.
H.B. No. 4990

President of the Senate

I certify that H.B. No. 4990 was passed by the House on May 2, 2023, by the following vote: Yeas 128, Nays 12, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 4990 on May 26, 2023, by the following vote: Yeas 113, Nays 26, 1 present, not voting.

Speaker of the House

Chief Clerk of the House

I certify that H.B. No. 4990 was passed by the Senate, with amendments, on May 24, 2023, by the following vote: Yeas 26, Nays 4.

Secretary of the Senate

APPROVED: __________________  
Date  

Governor