

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 22, 2023

TO: Honorable Sam Harless, Chair, House Committee on Health Care Reform, Select

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2180 by Harris, Cody (Relating to the application of prescription drug price rebates to reduce health benefit plan enrollee cost sharing.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2180, As Introduced : a negative impact of (\$1,953,800) through the biennium ending August 31, 2025.

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 <i>General Revenue Related Funds</i>
2024	(\$962,568)
2025	(\$991,232)
2026	(\$1,021,229)
2027	(\$1,051,226)
2028	(\$1,082,554)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>School Employees UGIP Trust Fund</i> 855	Probable Savings/(Cost) from <i>RETIRED SCHOOL EMP GROUP INSURANCE</i> 989	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>GR Dedicated Accounts</i> 994
2024	(\$29,000,000)	(\$8,000,000)	(\$962,568)	(\$76,435)
2025	(\$31,000,000)	(\$9,000,000)	(\$991,232)	(\$78,712)
2026	(\$33,000,000)	(\$9,000,000)	(\$1,021,229)	(\$81,094)
2027	(\$34,000,000)	(\$10,000,000)	(\$1,051,226)	(\$83,475)
2028	(\$35,000,000)	(\$10,000,000)	(\$1,082,554)	(\$85,963)

<i>Fiscal Year</i>	Probable (Cost) from <i>Federal Funds</i> 555	Probable Savings/(Cost) from <i>Other Special State Funds</i> 998	Probable Savings/(Cost) from <i>State Highway Fund</i> 6
2024	(\$230,458)	(\$17,561)	(\$152,439)
2025	(\$237,320)	(\$18,084)	(\$156,978)
2026	(\$244,502)	(\$18,632)	(\$161,729)
2027	(\$251,684)	(\$19,179)	(\$166,479)
2028	(\$259,185)	(\$19,751)	(\$171,441)

Fiscal Analysis

The bill would require that a health plan enrollee's cost sharing for a prescription drug be calculated at the point of sale based on the price as reduced by an amount equal or greater than all rebates received or to be received by the enrollee's Pharmacy Benefits Manager (PBM) or health benefit plan issuer in connection with the dispensing or administration of the prescription drug to the enrollee.

Methodology

According to the Teacher Retirement System of Texas (TRS), implementing the provisions of the bill would result in additional costs to the TRS-Care and TRS-ActiveCare health plans by limiting the agency's ability to use rebates as a source of revenue to lower member premium costs. Additional costs to the TRS-Care program are estimated to be \$17.0 million for the biennium. Additional costs to the TRS-ActiveCare program are estimated to be \$60.0 million for the biennium. These costs are based on an average loss of rebates of \$100 per script. Additional costs would not increase the statutorily required state contributions to the TRS-Care and TRS-ActiveCare programs for the 2024-25 biennium; therefore, no significant fiscal impact to the General Revenue Fund is anticipated. However, the additional costs may result in the need for additional contributions from the State, employers, or members to the TRS-Care and TRS-ActiveCare programs, or for plan benefit changes.

According to the Employees Retirement System (ERS) implementing the provisions of the bill would result in additional costs to the Group Benefits Plan (GBP). It would require higher monthly contributions from both the state and members. According to the agency, the cost would be split as follows: 85.9 percent for the state and 14.1 percent for members. The All Funds cost to the state is estimated at \$2.9 million for the biennium, of which \$2.1 million is estimated to be from General Revenue and General Revenue-Dedicated funds.

Based on the analysis of the Department of Insurance, Health and Human Services Commission, Texas A&M University System Administrative & General Offices, and the University of Texas System Administration, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 454 Department of Insurance, 529 Health and Human Services Commission, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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