

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 25, 2023**

**TO:** Honorable Dade Phelan, Speaker of the House, House of Representatives

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

**IN RE: HB4990** by Bonnen (Relating to the Texas Pharmaceutical Initiative; authorizing fees.), **As Passed 2nd House**

The fiscal implications of the bill cannot be determined due to uncertainty in the costs to implement the Texas Pharmaceutical Initiative and potential savings related to the effects on prescription drug prices.

The bill would establish the Texas Pharmaceutical Initiative (the initiative) to provide cost-effective access to prescription drugs and other medical supplies for employees, dependents, and retirees of public higher education systems and institutions, Employees Retirement System members, Teacher Retirement System members, persons confined by the Texas Department of Criminal Justice or the Texas Juvenile Justice Department, and individuals served by a program operated or administered by the health and human services system.

The bill would establish a governing board for the initiative (the board) that would be administratively attached to the Health and Human Services Commission (HHSC). The board would be authorized to develop and implement the initiative and related programs. The board would be required to develop and submit a business plan on implementing the initiative to the governor, the legislature, and the Legislative Budget Board by October 1, 2024. The bill would establish the Texas Pharmaceutical Initiative Advisory Council to advise the board.

The chapter establishing the initiative, board, and advisory council would expire September 1, 2025.

According to HHSC, the agency would require 25.6 full-time equivalents (FTEs), including accountants, attorneys, analysts, and other positions, each fiscal year to provide administrative support to the board as required by the bill. HHSC indicates the costs for FTEs would be \$5.5 million in fiscal year 2024 and \$5.3 million in fiscal year 2025.

In addition, HHSC indicates there would be \$1.0 million in costs in fiscal year 2024 relating to contracting with a consultant to develop the business plan.

It is assumed that there could be additional significant costs related to staffing and contracting for the board, but the costs cannot be determined because there is not enough information available on the level of staffing and contracting that would be required by the board to implement the initiative.

It is assumed that implementation of the bill could result in a savings to the state due to a decrease in the cost of prescription drugs for entities and organizations served by the initiative, but the potential savings cannot be determined due to the unavailability of data on how the implementation of the initiative would affect prescription drug prices.

**Local Government Impact**

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

**Source Agencies:** 116 Sunset Advisory Commission, 304 Comptroller of Public Accounts, 323 Teacher Retirement System, 327 Employees Retirement System, 529 Health and Human Services Commission, 644 Juvenile Justice Department, 696 Department of Criminal Justice, 720 The University of Texas System Administration

**LBB Staff:** JMc, NPe, ER, NDA, SD, NV