

## **BILL ANALYSIS**

C.S.H.B. 1464  
By: Talarico  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The bill author has informed the committee that the State of Texas, as one of the largest employers in the state, is able to leverage its bulk purchasing power with wholesalers and manufacturers to negotiate lower prescription drug costs for state agency employees. The bill author has also informed the committee that in order for Texas to increase its purchasing power even more in order to improve health care affordability, the state should strive to add additional employers to its prescription drug purchasing agreements. C.S.H.B. 1464 seeks to address this issue by creating a prescription drug purchasing pool through which a participating public employer, health benefit plan issuer, or private employer may purchase prescription drugs for their employees, employees' dependents, and retirees from vendors at a discounted rate.

### **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 rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 1 of this bill.

### **ANALYSIS**

C.S.H.B. 1464 amends the Health and Safety Code to require the Health and Human Services Commission (HHSC) to establish as soon as practicable after the bill's effective date a prescription drug purchasing pool through which a participating health benefit plan issuer, qualified public employer, or qualified private employer may purchase prescription drugs for their employees, employees' dependents, and retirees from vendors at a discounted rate or under terms HHSC negotiates. The bill establishes that the purchasing pool does not constitute a risk pool, and that each health benefit plan issuer and qualified employer participating in the pool is responsible for paying the cost of a claim or prescription drug in accordance with any applicable health benefit coverage agreement with their employees, employees' dependents, and retirees.

C.S.H.B. 1464 requires the executive commissioner of HHSC by rule to establish procedures for administering the prescription drug purchasing pool, including procedures establishing the following:

- the eligibility criteria for a health benefit plan issuer, qualified public employer, or qualified private employer to participate in the pool;
- the manner by which a health benefit plan issuer or qualified employer may enroll in the pool;
- the duration of eligibility for a health benefit plan issuer or qualified employer to participate in the pool;
- the method by which a participant contributes money to the pool; and
- the method for disenrolling a participant from the pool or terminating a participant's eligibility to participate in the pool.

C.S.H.B. 1464 requires HHSC to provide a participant the option to purchase stop loss coverage from an insurer at a rate HHSC negotiates. The bill authorizes two or more participants to jointly purchase through the prescription drug purchasing pool prescription drugs for their employees, employees' dependents, and retirees and establishes that such an arrangement does not constitute a multiple employer welfare arrangement as defined by the federal Employee Retirement Income Security Act of 1974.

C.S.H.B. 1464 defines the following terms for purposes of the bill's provisions:

- "commission" as the Health and Human Services Commission;
- "health benefit plan issuer" as an insurer, health maintenance organization, or other entity authorized to provide health benefits coverage under state law;
- "participant" as a health benefit plan issuer, qualified public employer, or qualified private employer enrolled in the prescription drug purchasing pool;
- "qualified private employer" as a self-insured private employer conducting business in Texas; and
- "qualified public employer" as:
  - a political subdivision of the state, including a county, municipality, or public school district;
  - a university system or a public institution of higher education; or
  - a quasi-public agency.

C.S.H.B. 1464 requires the executive commissioner of HHSC to adopt rules as necessary to implement the bill's provisions.

### **EFFECTIVE DATE**

September 1, 2025.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 1464 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the entity responsible for the following requirements of the bill from the comptroller of public accounts, as in the introduced, to HHSC:

- to establish as soon as practicable after the bill's effective date a prescription drug purchasing pool; and
- to provide a participant the option to purchase stop loss coverage from an insurer at a certain rate.

Furthermore, the substitute changes the entity responsible for the following requirements from the comptroller, as in the introduced, to the executive commissioner of HHSC:

- to establish by rule procedures for administering the prescription drug purchasing pool; and
- to adopt rules as necessary to implement the bill's provisions.

The substitute revises the provision from the introduced specifying that a participant in the prescription drug purchasing pool may purchase prescription drugs at a discounted rate or under terms negotiated by the comptroller by specifying instead that the terms are negotiated by HHSC. The substitute revises the provision from the introduced specifying that the option for a participant to purchase stop loss coverage from an insurer is at a rate the comptroller negotiates by specifying instead that the rate is negotiated by HHSC.

The substitute includes a provision absent from the introduced defining "commission" as the Health and Human Services Commission.