

BILL ANALYSIS

C.S.H.B. 4638
By: Bonnen
Public Health
Committee Report (Substituted)

BACKGROUND AND PURPOSE

During the 88th Regular Session, the Texas Legislature enacted H.B. 4990, which established the Texas Pharmaceutical Initiative (TPI) in an effort to reduce prescription drug costs. In addition to addressing governance and operating issues, the bill author has informed the committee of concerns that the size of the initiative's governing board is not conducive to effective communication due to fears of a walking quorum. C.S.H.B. 4638 seeks to address this issue by providing for the addition of two members to the TPI board. The bill also adds terms of service and staggered terms, addresses potential vacancies, calls for the biennial submission of a business plan each even-numbered year, and sets out the content of such a business plan. The bill also postpones the expiration of provisions governing the TPI from September 1, 2025, to September 1, 2031.

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

C.S.H.B. 4638 amends the Government Code to increase the membership of the governor-appointed board that governs the Texas Pharmaceutical Initiative from three members to five members and to establish that board members serve staggered six-year terms, with one-third or as near as possible to one-third of the members' terms expiring February 1 of each odd-numbered year. The bill requires a vacancy on the board to be filled for the unexpired term in the same manner as the original appointment.

C.S.H.B. 4638 changes the frequency with which the board is required to develop and submit to the governor, the legislature, and the Legislative Budget Board a business plan on certain matters relating to the Texas Pharmaceutical Initiative from once, not later than October 1, 2024, to biennially, not later than June 1 of each even-numbered year. The bill includes among the required topics of the business plan providing recommendations on best practices and cost savings related to the provision of pharmacy benefits using program utilization. The bill postpones the expiration of provisions governing the Texas Pharmaceutical Initiative from September 1, 2025, to September 1, 2031.

C.S.H.B. 4638 requires the governor, as soon as practicable after the bill's effective date, to appoint the governing board members for the Texas Pharmaceutical Initiative as required under the bill's provisions and, in making the appointments, to designate two members to serve terms

expiring February 1, 2027, two members to serve terms expiring February 1, 2029, and one member to serve a term expiring February 1, 2031.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 4638 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 includes a provision absent from the introduced that provides for the inclusion of recommendations on best practices and cost savings related to the provision of pharmacy benefits using program utilization among the required topics of the board's business plan.

Whereas the introduced repealed a provision setting provisions governing the Texas Pharmaceutical Initiative to expire September 1, 2025, the substitute instead postpones the expiration of those provisions from September 1, 2025, to September 1, 2031.