

BILL ANALYSIS

S.B. 2857
By: Blanco
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill sponsor 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 sponsor 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. S.B. 2857 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

S.B. 2857 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.

S.B. 2857 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.

S.B. 2857 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.

S.B. 2857 defines the following terms for purposes of the bill's provisions:

- "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.

S.B. 2857 requires the executive commissioner of HHSC to adopt rules as necessary to implement the bill's provisions. HHSC is required to implement a provision of the bill only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, HHSC may, but is not required to, implement a provision of the bill using other money available for that purpose.

EFFECTIVE DATE

September 1, 2025.