

BILL ANALYSIS

Senate Research Center
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The rising cost of prescription medications over the past decade has placed an increasing financial burden on individuals and employers across Texas. For many, the cost of essential medications has reached a crisis point, forcing difficult choices between paying for prescriptions and covering other basic living expenses. Drug prices have consistently outpaced general inflation, making it harder for families and workers to manage health care costs.

Interstate bulk purchasing leverages the buying power of multiple states to secure lower prescription drug prices. For over 15 years, states have used Medicaid buying pools to negotiate savings with major drug manufacturers. Existing Texas law already permits bulk purchasing, and the state currently leverages its purchasing power to negotiate lower prescription drug prices for state agency employees. To further reduce costs of prescription drugs, Texas can build on this model by creating a prescription drug purchasing pool that includes additional employers. By opening the pool to non-state public employers—such as municipalities, counties, and public schools—as well as private employers and insurers, the state can enhance its negotiating power and extend the benefits of bulk purchasing to more Texans.

S.B. 2857 establishes this purchasing pool, allowing public and private employers and health benefit plan issuers to purchase prescription drugs at discounted rates for their employees, dependents, and retirees.

As proposed, S.B. 2857 amends current law relating to a prescription drug purchasing pool for certain health benefit plan issuers and employers.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Comptroller of Public Accounts of the State of Texas in SECTION 1 (Sections 446.003 and 446.006) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle A, Title 6, Health and Safety Code, by adding Chapter 446, as follows:

CHAPTER 446. PRESCRIPTION DRUG PURCHASING POOL

Sec. 446.001. DEFINITIONS. Defines "health benefit plan issuer," "participant," "qualified private employer," and "qualified public employer."

Sec. 446.002. PRESCRIPTION DRUG PURCHASING POOL. (a) Requires the Comptroller of Public Accounts of the State of Texas (comptroller) to establish a prescription drug purchasing pool through which a participating health benefit plan issuer, qualified public employer, or qualified private employer is authorized to purchase prescription drugs for their employees, employees' dependents, and retirees from vendors at a discounted rate or under terms the comptroller negotiates.

(b) Provides that the prescription drug purchasing pool does not constitute a risk pool, and each health benefit plan issuer, qualified public employer, and qualified

private 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.

Sec. 446.003. ADMINISTRATION OF PRESCRIPTION DRUG PURCHASING POOL. Requires the comptroller by rule to establish procedures for administering the prescription drug purchasing pool, including procedures establishing certain eligibility requirements and methods.

Sec. 446.004. OPTIONAL STOP LOSS COVERAGE. Requires the comptroller to provide a participant the option to purchase stop loss coverage from an insurer at a rate the comptroller negotiates.

Sec. 446.005. MULTIPLE EMPLOYER PRESCRIPTION DRUG PURCHASING AGREEMENTS. (a) Authorizes two or more participants to jointly purchase through the prescription drug purchasing pool prescription drugs for their employees, employees' dependents, and retirees.

(b) Provides that an arrangement to jointly purchase prescription drugs under this section does not constitute a multiple employer welfare arrangement, as defined by Section 846.001 (Definitions), Insurance Code.

Sec. 446.006. RULES. Requires the comptroller to adopt rules as necessary to implement this chapter.

SECTION 2. Requires the comptroller, as soon as practicable after the effective date of this Act, to establish the prescription drug purchasing pool as required by Chapter 446, Health and Safety Code, as added by this Act.

SECTION 3. Effective date: September 1, 2025.