

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 2857
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Health & Human Services
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Committee Report (Substituted)

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.

Analysis

- S.B. 2857 adds Chapter 446 to the Health and Safety Code requiring the Comptroller of Public Accounts of the State of Texas (comptroller) to establish a prescription drug purchasing pool that allows participating health benefit plans, qualified public employers, and qualified private employers to buy discounted prescription drugs for employees, dependents, and retirees.
- S.B. 2857 directs the comptroller to adopt rules for administering the purchasing pool, including eligibility criteria, enrollment and disenrollment procedures, contribution methods, and participation duration.
- S.B. 2857 authorizes the comptroller to offer participants optional stop loss coverage at a negotiated rate.
- S.B. 2857 clarifies that the purchasing pool is not a risk pool and that each participant must pay for prescription claims according to existing health coverage agreements.

Committee Substitute

- The committee substitute moves authority of the prescription drug purchasing pool from the comptroller to the Health and Human Services Commission (HHSC).
- The committee substitute adds the Nelson/Huffman fiscal responsibility amendment clarifying that HHSC is only required to implement provisions of this bill if the legislature appropriates money specifically for that purpose. HHSC may, but does not have to, implement provisions of this bill using other money available for that purpose.

C.S.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 executive commissioner of the Health and Human Services Commission in SECTION 1 (Sections 446.003 and 446.006, Health and Safety Code) 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 "commission," "health benefit plan issuer," "participant," "qualified private employer," and "qualified public employer."

Sec. 446.002. PRESCRIPTION DRUG PURCHASING POOL. (a) Requires the Health and Human Services Commission (HHSC) 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 HHSC 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 executive commissioner of HHSC (executive commissioner) 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 HHSC 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 executive commissioner to adopt rules as necessary to implement this chapter.

SECTION 2. Requires HHSC, 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. Provides that HHSC is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. Provides that, if the legislature does

not appropriate money specifically for that purpose, HHSC is authorized, but is not required, to implement a provision of this Act using other money available for that purpose.

SECTION 4. Effective date: September 1, 2025.