

AN ACT

relating to the Texas Pharmaceutical Initiative.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2177.003(a), Government Code, is amended to read as follows:

(a) The initiative is governed by a board composed of five ~~[three]~~ members appointed by the governor.

SECTION 2. Chapter 2177, Government Code, is amended by adding Section 2177.0035 to read as follows:

Sec. 2177.0035. TERMS; VACANCIES. (a) 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.

(b) A vacancy on the board shall be filled for the unexpired term in the same manner as the original appointment.

SECTION 3. Section 2177.006, Government Code, is amended to read as follows:

Sec. 2177.006. BUSINESS PLAN. Not later than June 1 of each even-numbered year ~~[October 1, 2024]~~, the board shall prepare ~~[develop]~~ and submit to the governor, the legislature, and the Legislative Budget Board a business plan on:

(1) implementing the initiative, including the initiative's organizational structure and related programs;

(2) establishing procedures and policies for the

1 administration of the initiative, including documenting the
2 process and resources required for the provision to individuals
3 described by Section 2177.002 of the following services:

4 (A) establishing or contracting for statewide
5 pharmacy benefit manager services;

6 (B) establishing policies and conditions to
7 operate or contract for the operation of a distribution network,
8 central service center, and associated network of satellite
9 distribution facilities to distribute prescription drugs and
10 related medical supplies; and

11 (C) providing advanced pharmaceutical
12 preparation and related services, including:

13 (i) manufacturing generic drugs and generic
14 biological products;

15 (ii) providing gene therapies and precision
16 medicine; and

17 (iii) providing advanced laboratories for
18 quality control, preparation, and compounding of drugs in support
19 of innovative therapeutics and drug research;

20 (3) establishing procedures to document compliance by
21 board members and personnel with applicable laws governing
22 conflicts of interest;

23 (4) establishing the conditions for state agencies
24 that facilitate health plans to participate in the initiative;

25 (5) identifying potential cost savings from
26 implementation of the initiative;

27 (6) identifying the funding and resources needed to

1 implement this chapter;

2 (7) providing recommendations on best practices and
3 cost savings related to the provision of pharmacy benefits using
4 program utilization; and

5 (8) [~~(7)~~] providing other board recommendations, with
6 supporting documentation, on continuation of the initiative.

7 SECTION 4. Section 2177.010, Government Code, is amended to
8 read as follows:

9 Sec. 2177.010. EXPIRATION OF CHAPTER. This chapter expires
10 September 1, 2027 [~~2025~~].

11 SECTION 5. (a) As soon as practicable after the effective
12 date of this Act, the governor shall appoint the governing board
13 members for the Texas Pharmaceutical Initiative as required by
14 Section 2177.003, Government Code, as amended by this Act.

15 (b) Notwithstanding Section 2177.0035, Government Code, as
16 added by this Act, in making the appointments of the governing board
17 members for the Texas Pharmaceutical Initiative under Subsection
18 (a) of this section, the governor shall designate:

19 (1) two members to serve terms expiring February 1,
20 2027;

21 (2) two members to serve terms expiring February 1,
22 2029; and

23 (3) one member to serve a term expiring February 1,
24 2031.

25 SECTION 6. This Act takes effect September 1, 2025.

H.B. No. 4638

President of the Senate

Speaker of the House

I certify that H.B. No. 4638 was passed by the House on May 7, 2025, by the following vote: Yeas 140, Nays 6, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 4638 on May 29, 2025, by the following vote: Yeas 124, Nays 11, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 4638 was passed by the Senate, with amendments, on May 27, 2025, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

APPROVED: _____

Date

Governor