

1-1 By: Bonnen (Senate Sponsor - Kolckhorst) H.B. No. 4638  
1-2 (In the Senate - Received from the House May 7, 2025;  
1-3 May 9, 2025, read first time and referred to Committee on Health &  
1-4 Human Services; May 26, 2025, reported favorably by the following  
1-5 vote: Yeas 8, Nays 0; May 26, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	Kolckhorst	X		
1-9	Perry	X		
1-10	Blanco	X		
1-11	Cook	X		
1-12	Hall	X		
1-13	Hancock	X		
1-14	Hughes		X	
1-15	Miles	X		
1-16	Sparks	X		

1-17 A BILL TO BE ENTITLED  
1-18 AN ACT

1-19 relating to the Texas Pharmaceutical Initiative.  
1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
1-21 SECTION 1. Section 2177.003(a), Government Code, is amended  
1-22 to read as follows:  
1-23 (a) The initiative is governed by a board composed of five  
1-24 ~~[three]~~ members appointed by the governor.  
1-25 SECTION 2. Chapter 2177, Government Code, is amended by  
1-26 adding Section 2177.0035 to read as follows:  
1-27 Sec. 2177.0035. TERMS; VACANCIES. (a) Board members serve  
1-28 staggered six-year terms, with one-third or as near as possible to  
1-29 one-third of the members' terms expiring February 1 of each  
1-30 odd-numbered year.  
1-31 (b) A vacancy on the board shall be filled for the unexpired  
1-32 term in the same manner as the original appointment.  
1-33 SECTION 3. Section 2177.006, Government Code, is amended to  
1-34 read as follows:  
1-35 Sec. 2177.006. BUSINESS PLAN. Not later than June 1 of each  
1-36 even-numbered year [October 1, 2024], the board shall prepare  
1-37 [develop] and submit to the governor, the legislature, and the  
1-38 Legislative Budget Board a business plan on:  
1-39 (1) implementing the initiative, including the  
1-40 initiative's organizational structure and related programs;  
1-41 (2) establishing procedures and policies for the  
1-42 administration of the initiative, including documenting the  
1-43 process and resources required for the provision to individuals  
1-44 described by Section 2177.002 of the following services:  
1-45 (A) establishing or contracting for statewide  
1-46 pharmacy benefit manager services;  
1-47 (B) establishing policies and conditions to  
1-48 operate or contract for the operation of a distribution network,  
1-49 central service center, and associated network of satellite  
1-50 distribution facilities to distribute prescription drugs and  
1-51 related medical supplies; and  
1-52 (C) providing advanced pharmaceutical  
1-53 preparation and related services, including:  
1-54 (i) manufacturing generic drugs and generic  
1-55 biological products;  
1-56 (ii) providing gene therapies and precision  
1-57 medicine; and  
1-58 (iii) providing advanced laboratories for  
1-59 quality control, preparation, and compounding of drugs in support  
1-60 of innovative therapeutics and drug research;  
1-61 (3) establishing procedures to document compliance by



board members and personnel with applicable laws governing conflicts of interest;

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

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

(6) identifying the funding and resources needed to implement this chapter;

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

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

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

Sec. 2177.010. EXPIRATION OF CHAPTER. This chapter expires September 1, 2031 ~~[2025]~~.

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

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

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

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

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

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

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