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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 21, 2025

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TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB2857** by Blanco (Relating to a prescription drug purchasing pool for certain health benefit plan issuers and employers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2857, As Introduced: a negative impact of ($4,726,000) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

Fiscal Year	**Probable Net Positive/(Negative) Impact to** *General Revenue Related Funds*
2026	($2,989,000)
2027	($1,737,000)
2028	($1,487,000)
2029	($1,487,000)
2030	($1,487,000)

All Funds, Five-Year Impact:

Fiscal Year	**Probable Savings/(Cost) from** *General Revenue Fund* 1	*Change in Number of State Employees from FY 2025*
2026	($2,989,000)	10.0
2027	($1,737,000)	10.0
2028	($1,487,000)	10.0
2029	($1,487,000)	10.0
2030	($1,487,000)	10.0

Fiscal Analysis

The bill would require the Comptroller to establish a prescription drug purchasing pool for health benefit plan issuers and private or public employers to purchase prescription drugs, either jointly or individually, from vendors at a discounted rate negotiated by the Comptroller. It would require the Comptroller, by rule, to establish certain procedures for administering the pool.

The Comptroller would be required to provide participants in the pool the option to purchase stop loss coverage from an insurer at a rate negotiated by the Comptroller.

Methodology

This analysis assumes the Comptroller would require ten additional full-time equivalent positions (10.0 FTEs) to implement the bill. This includes 1.0 Internal Auditor IV with a certification in fraud investigation from the Association of Certified Fraud Examiners to perform the work of preventing fraud, theft, waste, and abuse, and handle the volume of prescription drugs that will be purchased; 2.0 Attorneys V to negotiate and manage contracts due to many vendors being the sole source of particular items; 1.0 Contract Administration Manager II, 1.0 Contract Administration Manager I, and 3.0 Contract Specialists V to develop and manage third party pharmacy benefits administration, and negotiate stop-loss insurance coverage; and 1.0 Programmer III and 1.0 Information Technology Business Analyst III to support the prescription drug pool program. The total cost for the 10.0 FTEs is estimated to be $1,287,000 in each fiscal year.

It is also assumed that the Comptroller would require outside assistance to structure the program and develop an approach to the provision of stoploss insurance. The total cost for necessary contracting would be $250,000 in each fiscal year of the 2026-27 biennium.

Any savings resulting from the purchase of prescription drugs through the pool cannot be estimated at this time.

Technology

This analysis assumes there would be a one time IT cost of $972,000 for 6,480 hours of contractor resources to expedite the build of the application with programming services.

Additionally, there would be a cost of $480,000 in fiscal year 2026 and $200,000 in each subsequent fiscal year to expand licensing software to allow logins by external participants and ongoing maintenance of the program. This would include the development of a new entity administration system to register and manage eligible entities and pass the qualified entities' certification details to the pharmacy administrator.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 327 Employees Retirement System, 454 Department of Insurance, 529 Health and Human Services Commission, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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