

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 2, 2025

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.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2857, Committee Report 1st House, Substituted: a negative impact of (\$3,395,500) through the biennium ending August 31, 2027.

The Health and Human Services Commission (HHSC) is required to implement a provision of the bill only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, HHSC may, but is not required to, implement a provision of the bill using other appropriations available for that purpose.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$711,657)
2027	(\$2,683,843)
2028	(\$4,684,503)
2029	(\$4,685,052)
2030	(\$4,685,613)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$711,657)	3.0
2027	(\$2,683,843)	3.0
2028	(\$4,684,503)	3.0
2029	(\$4,685,052)	3.0
2030	(\$4,685,613)	3.0

Fiscal Analysis

This bill amends the Health and Safety Code to establish a prescription drug purchasing pool through which a participating health benefit plan issuer or qualified public or private employers could purchase prescription drugs for their employees, employees' dependents, and retirees from vendors at a discounted rate or under

terms negotiated by the Health and Human Services Commission (HHSC). This bill would take effect September 1, 2025.

Methodology

HHSC assumes the agency would be required to implement various administrative tasks associated with the establishment and implementation of the prescription drug purchasing pool. This analysis assumes HHSC would require \$711,657 from the General Revenue Fund (\$711,657 from All Funds) and 1.0 Director II, 1.0 Director IV, and 1.0 Pharmacist II “full-time-equivalents (FTEs)” in fiscal year 2026 and \$2,683,843 from the General Revenue Fund (\$2,683,843 from All Funds) and 1.0 Director II, 1.0 Director IV, and 1.0 Pharmacist II FTEs in fiscal year 2027 to implement the provisions of the bill, which includes establishing the eligibility criteria for participation in the pool; determining the enrollment, disenrollment, and eligibility termination processes; configuring how participants momentarily contribute to the purchasing pool; and provide the necessary oversight for contracts, procurement, and administration of the purchasing pool.

Included in the amounts above are assumed FTE costs totaling \$711,657 from the General Revenue Fund (\$711,657 from All Funds) in fiscal year 2026 and \$683,843 from the General Revenue Fund (\$683,843 from All Funds) in fiscal year 2027, including \$29,082 from the General Revenue Fund (\$29,082 from All Funds) in fiscal year 2026 for one-time costs related to the implementation of provisions of this bill.

Additionally, HHSC assumes a significant portion of the procurement process would not be completed until fiscal year 2027, and therefore the agency would require \$2,000,000 from the General Revenue Fund (\$2,000,000 from All Funds) in fiscal year 2027 associated with training costs related to the procurement process to establish and maintain the purchasing pool. Starting in fiscal year 2028, HHSC assumes the procurement process will be completed, and the associated training costs would be \$4,000,000 from the General Revenue Fund each fiscal year going forward.

Local Government Impact

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

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JMc, NPe, ER, LBl, AAL, NV