

SUBJECT: Restricting formulary disclosure requirements to individual benefit plans

COMMITTEE: Insurance — committee substitute recommended

VOTE: 9 ayes — Phillips, Muñoz, R. Anderson, Gooden, Oliverson, Paul, Sanford, Turner, Vo

0 nays

WITNESSES: For — (*Registered, but did not testify:* Patricia Kolodzey, Blue Cross Blue Shield of Texas; Gyl Switzer, Mental Health America of Texas; Amanda Martin, Texas Association of Business; Jamie Dudensing, Texas Association of Health Plans; Sharon Parham, Texas Hands and Voices)

Against — None

On — (*Registered, but did not testify:* Rachel Bowden, Texas Department of Insurance)

BACKGROUND: Insurance Code, sec. 1369.0542 requires a health benefit plan issuer to display prescription drug formulary information, as required by insurance commissioner rule, for each health benefit plan it offers on a public website maintained by the issuer.

DIGEST: CSHB 1227 would change the disclosure requirements for health benefit plan issuers, requiring them to publicly display formulary information only for individual health plans.

The bill would take effect September 1, 2017, and would apply only to a health benefit plan delivered, issued, or renewed on or after that date.

SUPPORTERS SAY: CSHB 1227 would provide a necessary fix to an oversight in current statute by making prescription drug formulary disclosure requirements apply only to the plans to which they are relevant. In 2015, the 84th Legislature enacted HB 1624 by Smithee to provide formulary disclosure information to consumers evaluating individual health plans. However,

the bill did not include an applicability section, imposing the disclosure requirement on group health care plans as well as individual plans. Requiring issuers to display formulary information for group plans is a waste of time and resources because employers rarely offer more than one group health care plan to their employees. The requirement in current law is inefficient and could unintentionally mislead consumers about their benefit options.

CSHB 1227 would not damage consumer choice. In rare cases, private employers offer more than one group plan to their employees, but these situations are uncommon, and the impact of this bill on these consumers would be negligible.

**OPPONENTS
SAY:**

CSHB 1227 could deprive employees shopping for a group health plan of useful information about prescription drug benefits. In rare cases, employers offer multiple group plan options from which employees may choose, and exempting these plans from disclosure requirements could make it more difficult for affected employees to know which medications were covered under each plan.

NOTES:

CSHB 1227 differs from the bill as filed by specifying that the requirements would apply to all individual health benefit plans to which the relevant subchapter of law applies.

A Senate companion bill, SB 895 by Seliger, was referred to the Business and Commerce Committee on February 28.