

SUBJECT: Extending certain Medicaid managed care pharmacy benefit requirements

COMMITTEE: Human Services — committee substitute recommended

VOTE: 7 ayes — Raymond, Frank, Miller, Minjarez, Rose, Swanson, Wu

0 nays

2 absent — Keough, Klick

SENATE VOTE: On final passage, April 20 — 30-1 (Perry)

WITNESSES: No public hearing

BACKGROUND: Government Code, sec. 531.073 directs the Health and Human Services Commission executive commissioner to require prior authorization for reimbursement of a drug that is not included in the preferred drug list for the Medicaid vendor drug program and the Children's Health Insurance Program (CHIP), except for drugs that are exempted from prior authorization requirements by federal law.

Medicaid managed care organizations currently develop, implement, and maintain a pharmacy benefit plan for their enrollees that uses the Medicaid vendor drug program formulary and prior authorization procedures. Interested observers suggest that statutory authorization for the existing pharmacy benefit system should be extended to give the Legislature more time to deliberate on future changes to managed care pharmacy benefits and prior authorization.

DIGEST: CSSB 1922 would extend to August 31, 2023, certain existing contract requirements for outpatient pharmacy benefit plans under Medicaid managed care.

The bill would direct the Health and Human Services Commission (HHSC) to conduct a study once every 10 years to evaluate and determine the classes of prescription drugs that require prior authorization and are

used to treat patients with life-threatening or chronic illnesses or illnesses that require complex medical management strategies. The bill would require HHSC to conduct the initial study by September 1, 2018. HHSC could not change a prior authorization requirement for the drugs addressed by the study until the study had been completed.

If, before implementing any provision of the bill, a state agency determined that a waiver or authorization was necessary for implementation, the bill would direct the affected agency to request the waiver or authorization and the agency could delay implementing that provision until the waiver or authorization was granted.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2017.