

SUBJECT: Continuing the use of a single statewide drug formulary for Medicaid

COMMITTEE: Health Care Reform, Select — favorable, without amendment

VOTE: 9 ayes — Harless, Bonnen, Bucy, Klick, E. Morales, Oliverson, Price, Rose, Walle

2 nays — Howard, Frank

WITNESSES: For — Dennis Borel, Coalition of Texans with Disabilities; Greg Hansch, National Alliance on Mental Illness Texas (*Registered, but did not testify*; James Gray, American Cancer Society Cancer Action Network; Eric Woomer, Federation of Texas Psychiatry; Mary Staples, National Association of Chain Drug Stores; Brynna Clark, PhRMA; Lucinda Saxon, Prism North Texas; Terri Carriker, Hannah Mehta, Protect Texas Fragile Kids; Lee Johnson, Texas Council of Community Centers; Janis Carter, Texas Federation of Drug Stores; Danielle Lobsinger Bush, Texas Healthcare and Bioscience Institute; Robert Culley, Texas Pharmacy Association; Adam Leggett, Texas Pharmacy Business Council; Kwame Walker, Texas Rare Alliance)

Against — (*Registered, but did not testify*: Kandice Sanaie, Cigna; Elisa Hernandez, El Paso Health)

On — Trey Wood, Priscilla Parrilla, Health and Human Services Commission; Karen Tadlock, Superior Health Plan; Jamie Dudensing, Texas Association of Health Plans; Peter Peter, PharmD, MPA, Texas Children’s Health Plan and Texas Association of Community Health Plans; Linda Litzinger, Texas Parent to Parent (*Registered, but did not testify*: Dr. Ryan Van Ramshorst, Stephanie Stephens, Health & Human Services Commission; Caitlin Flanders, Texas Medical Association)

BACKGROUND: Some have suggested that maintaining a single statewide drug formulary for Medicaid would benefit patients and the state.

DIGEST: HB 1283 would repeal a provision that would cause certain requirements

for Medicaid managed care organizations' outpatient pharmacy benefit plans to become unenforceable after August 31, 2023. Outpatient pharmacy benefit plans would be required to continue to:

- exclusively employ the Vendor Drug Program formulary and preserve the state's ability to reduce waste, fraud, and abuse under Medicaid;
- adhere to the applicable preferred drug list adopted by the Health and Human Services Commission (HHSC); and
- include certain prior authorization procedures and requirements.

If a state agency determined that a waiver or authorization from a federal agency was necessary to implement the bill, the agency would be required to request the waiver and could delay implementation until the waiver or authorization was granted.

The bill would take effect September 1, 2023.

NOTES:

According to the Legislative Budget Board, the fiscal implications of HB 1283 could not be determined because of the uncertainty of how the expiration of certain requirements would affect pharmacy costs and Vendor Drug Rebates, but the impact would likely result in a significant revenue gain.