BILL ANALYSIS

Senate Research Center
76R11745 CLG-D

H.B. 494
By: Maxey (Moncrief)
Human Services
5/10/1999
Engrossed

DIGEST

In September 1997, the Texas Department of Health implemented a drug manufacturing rebate program and the Chronically Ill and Disabled Children's Program and the Kidney Health Program through the Vendor Drug Program. Currently, the projected financial benefit to the state is not being fulfilled because participation by a pharmaceutical manufacturer in the rebate program is voluntary. H.B. 494 would require drug benefits to be available under certain health care programs administered by the Texas Department of Health.

PURPOSE

As proposed, H.B. 494 requires drug benefits to be available under certain health care programs administered by the Texas Department of Health.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 32B, Human Resources Code, by adding Section 32.0311, as follows:

> Sec. 32.0311. DRUG REIMBURSEMENT UNDER CERTAIN PROGRAMS. Requires the Heath and Human Services Commission to require a recipient of medical assistance to exhaust drug benefits available under the medical assistance program before reimbursing the recipient, pharmacist, or other health care provider for drugs purchased by or on behalf of the recipient under the Kidney Health Care Program (kidney program) or the Chronically Ill and Disabled Children's Services Program (children's program).

SECTION 2. Amends Chapter 12B, Health and Safety Code, by adding Section 12.0125, as follows:

> Sec. 12.0125. DRUG REBATES. Requires the Texas Department of Health (department) to develop a drug manufacture rebate program for drugs purchased by or on behalf of a client of the kidney program or the children's program for which rebates are not available under the Medicaid drug manufacturer rebate program. Require the department to consult with drug manufacturers to develop rebate amounts for the new rebate program. Prohibits the average percentage savings from rebates in the new program from being less than the average percentage savings from rebates in the Medicaid drug manufacturer rebate program. Authorizes amounts received by the department under the drug rebate program established under this section to be appropriated only for the kidney program and children's program.

SECTION 3. Requires the department to consolidate with the Medicaid Vendor Drug Program (MVDP) the drug benefit components of the kidney program and the children's program, to the extent authorized by federal law. Requires the department to use certain functions and components of MVDP for the consolidated program. Requires the department to reimburse rates for drugs purchased by or on behalf of a client of the kidney program and children's program that are not included in the MVDP's list of reimbursable drugs. Requires the department to obtain drug manufacturer rebates for drugs purchased by or on behalf of a client of the kidney program or the children's program under the Medicaid drug manufacturer rebate program and the drug rebate program developed under Section 12.0125, Health and Safety Code, as added by this Act. Requires the department to update its computer system to facilitate the consolidation.

SECTION 4. Requires the department to complete the implementation of the drug manufacturer rebate program required by Section 12.0125, Health and Safety Code, as added by this Act, not later than September 1, 1999. Requires the department to complete the implementation of the consolidation program required by SECTION 3 of this Act not later than March 1, 2001.

SECTION 5. Emergency clause.

Effective date: upon passage.