

BILL ANALYSIS

Senate Research Center
76R7341 CLG-D

S.B. 1585
By: Zaffirini
Human Services
4/1/1999
As Filed

DIGEST

Currently, the Texas Department of Health (TDH) spends about 10.6 cents for each transaction related to pharmaceutical claims processing. By outsourcing the processing of Medicaid prescription drugs, California is able to spend 9 cents per claim. In 1993, TDH reviewed its claims processing arrangement; however, a competitive bid process has never been initiated. S.B. 1585 requires TDH, with other governmental bodies, to utilize a competitive bidding process for claims processing functions of the vendor drug program.

PURPOSE

As proposed, S.B. 1585 requires the Texas Department of Health, with other governmental bodies, to utilize a competitive bidding process for the vendor drug program.

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 32.0461, as follows:

Sec. 32.0461. VENDOR DRUG PROGRAM; COMPETITIVE BIDDING. Requires the Texas Department of Health (TDH) to seek competitive bids for the claims processing function of the vendor drug program. Authorizes TDH and the Texas Department of Human Services to submit a bid proposal as a private entity. Requires TDH to require compliance with competitive bidding procedures. Authorizes TDH to award a contract to another person if it would be more cost-effective than having TDH employees process claims. Requires TDH, in conjunction with the State Council on Competitive Government, to evaluate components of the vendor drug program that could become more effective through competitive bidding.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.