

BILL ANALYSIS

Senate Research Center
76R11313 CLG-D

C.S.S.B. 1585
By: Zaffirini
Human Services
4/7/1999
Committee Report (Substituted)

DIGEST

Currently, the Texas Department of Health (TDH) spends about 10.6 cents for each transaction related to the processing of pharmaceutical claims. 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. C.S.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, C.S.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), in consultation and coordination with the State Council on Competitive Government, 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 in the same manner 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 and the time to process claims under the contract would be the same as or faster than having TDH employees process claims.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 32.0461, Human Resources Code, by deleting Subsection (d) regarding an evaluation.