

## **BILL ANALYSIS**

Senate Research Center  
81R18218 ALB-D

H.B. 2030  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Medicaid Drug Utilization Review Program is operated by the Health and Human Services Commission (HHSC) to improve the quality of pharmaceutical care for Medicaid clients by ensuring that outpatient prescription drugs are appropriate, medically necessary, and not likely to result in adverse medical outcomes. The program includes two types of drug reviews to identify and monitor potential drug therapy problems that could lead to adverse medical outcomes: prospective drug use reviews, which occur at the point of sale, and retrospective drug use reviews, which examine prescription drug claims data to identify patterns of fraud, abuse, gross overuse, or medically unnecessary prescribing. Physicians identified in the claims data are sent patient-specific or drug-specific information with suggested charges in prescribing. These reviews serve as a cost-containment strategy by reducing spending associated with adverse medical outcomes and encouraging the use of cost-effective drugs.

This bill requires HHSC to take specific steps to strengthen the Medicaid Drug Utilization Review Program and requires HHSC to implement additional retrospective drug use reviews, improve the evaluation of program activities, and monitor and publish certain prescription drug data. The bill prohibits members of the Medicaid Drug Utilization Review board from having a contractual relationship, ownership interest, or other conflict of interest with a pharmaceutical manufacturer or labeler or with an entity engaged by HHSC to assist in the administration of the Medicaid Drug Utilization Review Program.

H.B. 2030 amends current law relating to the Medicaid Drug Utilization Review Program and prescription drug use under the Medicaid program.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 1 (Section 531.0692, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter B, Chapter 531, Government Code, by adding Sections 531.0691, 531.0692, and 531.0693, as follows:

Sec. 531.0691. MEDICAID DRUG UTILIZATION REVIEW PROGRAM: DRUG USE REVIEWS AND ANNUAL REPORT. (a) Defines "Medicaid drug utilization review program," "prospective drug use review," and "retrospective drug use review."

(b) Requires the Health and Human Services Commission (HHSC) to provide for an increase in the number and types of retrospective drug use reviews performed each year under the Medicaid Drug Utilization Review Program, in comparison to the number and types of reviews performed in the state fiscal year ending August 31, 2009.

(c) Requires HHSC, in determining the number and types of drug use reviews to be performed, to allow for the repeat of retrospective drug use reviews that address ongoing drug therapy problems and that, in previous years, improved client outcomes and reduced Medicaid spending; consider implementing and disease-specific retrospective drug use reviews that address ongoing drug therapy problems in this state and that reduced Medicaid prescription drug use

expenditures in other states; and regularly examine Medicaid prescription drug claims data to identify occurrences of potential drug therapy problems that may be addressed by repeating successfully retrospective drug use reviews performed in this state and other states.

(d) Requires HHSC, in addition to any other information required by federal law, to include the following information in the annual report regarding the Medicaid Drug Utilization Review Program a detailed description of the program's activities and estimates of cost savings anticipated to result from the program's performance of prospective and retrospective drug use reviews.

(e) Requires that the cost-saving estimates for prospective drug use reviews under Subsection (d) include savings attributed to drug use reviews performed through the vendor drug program's electronic claims processing system and clinical edits screened through the prior authorization system implemented under Section 531.073.

(f) Requires HHSC to post the annual report regarding the Medicaid Drug Utilization Review Program on HHSC's website.

Sec. 531.0692. MEDICAID DRUG UTILIZATION REVIEW BOARD: CONFLICTS OF INTEREST. (a) Prohibits a member of the board of the Medicaid Drug Utilization Review Program (board) from having a contractual relationship, ownership interest, or other conflict of interest with a pharmaceutical manufacturer or labeler or with an entity engaged by HHSC to assist in the administration of the Medicaid Drug Utilization Review Program.

(b) Authorizes the executive commissioner of HHSC to implement this section by adopting rules that identify prohibited relationships and conflicts or requesting the board to develop a conflict-of-interest policy that applies to the board.

Sec. 531.0693. PRESCRIPTION DRUG USE AND EXPENDITURE PATTERNS. (a) Requires HHSC to monitor and analyze prescription drug use and expenditure patterns in the Medicaid program. Requires HHSC to identify the therapeutic prescription drug classes and individual prescription drugs that are most often prescribed to patients or that represent the greatest expenditures.

(b) Requires HHSC to post the data determined by HHSC under Subsection (a) on HHSC's website and update the information on a quarterly basis.

SECTION 2. Requires HHSC, if necessary for implementation of a provision of this Act, to request a waiver or authorization from a federal agency, and authorizes delay of implementation until such waivers or authorizations are granted.

SECTION 3. Effective date: September 1, 2009.