

BILL ANALYSIS

Senate Research Center

S.B. 1456
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Health & Human Services
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DIGEST AND PURPOSE

Prescription drugs are a covered benefit of the Texas Medicaid program. Prescription drug costs are one of the fastest growing segments of health care spending nationwide. As proposed, S.B. 1456 implements a preferred drug list and requires the Health and Human Services Commission to negotiate with manufacturers and labelers to obtain rebates or discounts for prescription drugs sold in this state.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 531, Government Code, by adding Subchapter K, as follows:

SUBCHAPTER K. A PREFERRED DRUG LIST PROGRAM

Sec. 531.401. **PURPOSE.** Provides that the purpose of this subchapter is to reduce the cost of prescription drugs provided by the state through the Medicaid program.

Sec. 531.402. **DEFINITIONS.** Defines “labeler,” “manufacturer,” and “wholesaler.”

Sec. 531.403. **NEGOTIATED PRESCRIPTION DRUG REBATES.** (a) Requires the Health and Human Services Commission (HHSC) to negotiate with manufacturers and labelers to obtain rebates or discount prices for prescription drugs sold in this state. Requires HHSC, in negotiated terms for rebates or discount prices, to consider certain information.

(b) Authorizes a manufacturer or labeler to voluntarily negotiate with HHSC and enter into an agreement to provide supplemental rebates for prescription drugs provided under the Medicaid program in excess of the rebates required by 42 U.S.C. Section 1396r-8.

Sec. 531.404. **PRIOR AUTHORIZATION REQUIREMENTS.** (a) Requires HHSC to place the products of the manufacturer or labeler on the state’s list of products requiring prior authorization under the Medicaid program, if HHSC and the manufacturer or labeler fail to reach an agreement on supplemental Medicaid rebates.

(b) Requires placement of products on a prior authorization list in accordance with this section to be conducted in a manner that complies with 42 U.S.C. 1396r-8(d)(5).

SECTION 2. Requires the agency affected by the provision to request the waiver or authorization and authorizes the agency to delay implementing that provision until the waiver or authorization is granted, if before implementing any provision of the Act a state agency determines that a waiver or authorization from a federal agency is necessary for the implementation of that provision.

SECTION 3. Effective date: upon passage or September 1, 2003.