SUBJECT: Requiring reports on pharmaceutical drug costs from certain entities

COMMITTEE: Insurance — committee substitute recommended

VOTE: 8 ayes — Lucio, Oliverson, G. Bonnen, S. Davis, Julie Johnson, Lambert, Paul, C. Turner

0 nays

1 absent — Vo

WITNESSES: For — (*Registered, but did not testify*: Lauren Fairbanks, Texas Association of Manufacturers; Deanna L. Kuykendall, Texas Brain Injury Providers Alliance)

Against — Jamie Dudensing, Texas Association of Health Plans; (*Registered, but did not testify*: Billy Phenix, America's Health Insurance Plans; Courtney Reid, PCMA)

On — Blake Hutson, AARP Texas; Kristin Parde, PhRMA; (*Registered, but did not testify*: Tom Brownlie, Pfizer; Doug Danzeiser, Texas Department of Insurance)

DIGEST: CSHB 2536 would require pharmaceutical drug manufacturers, pharmacy benefit managers, and health benefit plan issuers to submit reports on pharmaceutical drug costs. The bill also would require the executive commissioner of the Health and Human Services Commission (HHSC) to establish a website to provide drug price information to the general public.

Drug manufacturer reports. The bill would require a pharmaceutical drug manufacturer to submit a report to the executive commissioner of HHSC stating the current wholesale acquisition cost information for drugs approved by the U.S. Food and Drug Administration (FDA) and sold in or into Texas by a manufacturer. The report would have to be submitted by January 15 of each calendar year.

A pharmaceutical drug manufacturer would have to submit a report to the executive commissioner not later than the 30th day after the effective date of an increase of 50 percent or more in the wholesale acquisition cost of a drug with a wholesale acquisition cost of at least $100 for a 30 day supply. The report would have to include:

- the name of the drug;
- whether the drug was a brand name or generic;
- the effective date of the change in wholesale acquisition cost;
- aggregate, company-level research and development costs for the most recent year for which final audit data was available;
- the name of each of the manufacturer's prescription drugs approved by the FDA in the previous five calendar years; and
- the name of each of the manufacturer's prescription drugs that lost patent exclusivity in the United States in the previous five years.

The quality and types of information and data submitted by a pharmaceutical drug manufacturer to the executive commissioner would have to be consistent with the information and data included in the manufacturer's other public disclosures.

The executive commissioner would have to publish reports from pharmaceutical drug manufacturers on the HHSC website by the 60th day after receiving a report.

Pharmacy benefit manager reports. Each pharmacy benefit manager would have to file a report with the commissioner of the Texas Department of Insurance (TDI) by February 1 of each year. The report would have to state for the immediately preceding calendar year:

- the aggregated rebates, fees, price protection payments, and any other payments collected from pharmaceutical drug manufacturers; and
- the aggregated dollar amount of rebates, fees, price protection payments, and any other payments collected from drug manufacturers that were health benefit plan issuers or enrollees at

the point of sale of a prescription drug.

A report submitted by a pharmacy benefit manager could not disclose the identity of the specific health plan or enrollee or the price charged for or the amount of any rebate or fee provided for a specific prescription drug or class of prescription drugs.

The commissioner would have to publish the report on the TDI website by the 60th day after receiving the report.

Health benefit plan issuer reports. Each health benefit plan issuer would have to submit to the insurance commissioner by February 1 of each year a report that stated for the immediately preceding calendar year the:

- names of the 25 most frequently prescribed drugs across all plans;
- percent increase in annual net spending for drugs across all plans;
- percent increase in premiums attributable to drugs across all plans;
- percentage of specialty drugs with utilization management requirements across all plans; and
- premium reductions that were attributable to specialty drug utilization management.

A report submitted by a health benefit plan issuer could not disclose the identity of a specific health benefit plan or the price charged for a specific prescription drug or class of prescription drugs.

The insurance commissioner would have to publish the report on the TDI website by the 60th day after receiving the report.

The insurance commissioner could adopt rules to implement these provisions.

Website. The HHSC executive commissioner would develop a website to provide the general public drug price information submitted by pharmaceutical manufacturers. The website would be available on the HHSC website with a prominently displayed link on the home page or by

a separate, easily identifiable web address.

The HHSC executive commissioner could adopt rules to implement the provisions relating to pharmaceutical drug manufacturer reports and the drug price information website.

A pharmaceutical drug manufacturer, pharmacy benefit manager, or health benefit plan issuer would not be required to submit a report required by the bill before January 1, 2020.

The bill would take effect September 1, 2019.