

SUBJECT: Requiring use of prescription drug rebates to reduce enrollee cost sharing

COMMITTEE: Health Care Reform, Select — favorable, without amendment

VOTE: 6 ayes — Harless, Howard, Bonnen, Frank, Price, Walle

1 nay — Klick

4 absent — Bucy, E. Morales, Oliverson, Rose

WITNESSES: For — Greg Hansch, National Alliance on Mental Illness (NAMI) TX; Sharon Lamberton, PhRMA; Diana Dobson, Regarding Cancer; Tiffany Jones-Smith, State of Texas Kidney Foundation (*Registered, but did not testify*); LaRessa Quintana, AstraZeneca; Chase Bearden, Coalition of Texans with Disabilities; JP Summers, Global Healthy Living Foundation; Taylor Brewer Sambrano, NASW Texas Chapter; Patrick Brophrey, North Texas Commission; Jennifer Rodriguez, North Texas Commission; David Reynolds, Texas Chapter American College of Physicians Services; Danielle Lobsinger Bush, Texas Healthcare and Bioscience Institute; Ben Wright, Texas Medical Association; Duane Galligher, Texas Pharmacy Association; Gregg Knaupe, Texas Pharmacy Business Council; David Balat, Texas Public Policy Foundation; Jill Sutton, Texas Osteopathic Medical Assn; Susan Stewart)

Against — Melodie Shrader, Pharmaceutical Care Management Association; Jamie Dudensing, Texas Association of Health Plans (*Registered, but did not testify*); Matt Abel, Texas Association of Business; Shannon Meroney, Texas Association of Health Underwriters)

On — (*Registered, but did not testify*): Kenisha Schuster, Texas Department of Insurance)

BACKGROUND: Some have suggested that patient costs for medications could be reduced if drug rebates provided to insurers by pharmaceutical manufacturers were passed on to patients in the form of lower drug costs at the point of sale.

DIGEST: HB 2180 would require a health benefit plan enrollee's cost sharing amount for a prescription drug to be calculated at the point of sale based on a price that had been reduced by an amount equal to or greater than all rebates received or to be received by the enrollee's pharmacy benefit manager or health plan. A health plan or pharmacy benefit manager could decrease an enrollee's cost sharing amount by a greater amount.

A health plan or pharmacy benefit manager would be prohibited from publishing or otherwise revealing information regarding the actual amounts of rebates received. Information related to specific rebates would be confidential and excepted from disclosure. A health plan or pharmacy benefit manager could not disclose rebate information:

- directly or indirectly;
- in a manner that would allow for the identification of an individual product, a class of products, the manufacturer, or the pharmacy; or
- in a manner that could compromise the financial, competitive, or proprietary nature of the information.

A health plan or pharmacy benefit manager would be required to ensure that a third-party vendor under contract with the health plan or pharmacy benefit manager that would receive or have access to rebate information abided by the same confidentiality requirements.

The bill would take effect September 1, 2023 and would apply only to a health benefit plan identified in the bill that was delivered, issued for delivery, or renewed on or after January 1, 2024.

NOTES: According to the Legislative Budget Board, HB 2180 would have a negative impact of \$1,953,800 on general revenue related funds through the biennium ending August 31, 2025.