

BILL ANALYSIS

Senate Research Center

C.S.H.B. 1094
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Health & Human Services
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Committee Report (Substituted)

DIGEST AND PURPOSE

According to Families USA, the average cost per prescription for seniors rose 48 percent in the past eight years. A report released in 1999 revealed that the prices of the 50 prescription drugs most commonly used by senior citizens rose faster than the rate of inflation rate for each of the previous five years. Seniors are most affected by these rising prices, as those over age 65 are significantly more likely to be regular users of prescription drugs. Seniors are also less likely to be reimbursed for prescription drug purchases, as Medicare does not provide prescription drug coverage. One way for states to help seniors pay for prescription drugs is to create a pharmaceutical assistance program. According to the National Conference of State Legislatures, 26 states had authorized some type of pharmaceutical assistance program as of February 2001, 24 of which are currently in operation. C.S.H.B. 1094 establishes a state pharmaceutical assistance program similar to the Medicaid vendor drug program to provide prescription drug benefits to certain low-income Medicare recipients.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Health and Human Services Commission in SECTION 1 (Section 531.302, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

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

SUBCHAPTER I. STATE PRESCRIPTION DRUG PROGRAM

Sec. 531.301. DEVELOPMENT AND IMPLEMENTATION OF STATE PROGRAM; FUNDING. (a) Requires the Health and Human Services Commission (commission) to develop and implement a state prescription drug program that operates in the same manner as the vendor drug program operates in providing prescription drug benefits to recipients of medical assistance under Chapter 32 (Medical Assistance Program), Human Resources Code.

(b) Provides that a person is eligible for prescription drug benefits under the state program if the person meets certain requirements.

(c) Authorizes prescription drugs under the state program to be funded only with state money, unless funds are available under federal law to fund all or part of the program.

Sec. 531.302. RULES. (a) Requires the commission to adopt all rules necessary for implementation of the state prescription drug program.

(b) Authorizes the commission to carry out certain duties in adopting rules for the state prescription drug program.

Sec. 531.303. GENERIC EQUIVALENT AUTHORIZED. Authorizes the commission, in adopting rules under the state program, to require that, unless the practitioner's signature on a

prescription clearly indicates that the prescription must be dispensed as written, the pharmacist may select a generic equivalent of the prescribed drug.

Sec. 531.304. PROGRAM FUNDING PRIORITIES. Requires that if money available for the state prescription drug program is insufficient to provide prescription drug benefits to all persons who are eligible under Section 531.301(b), the commission limit the number of enrollees based on available funding and provide the prescription drug benefits to eligible persons in the following order of priority:

- (1) persons eligible under Section 531.301(b)(1);
- (2) persons eligible under Section 531.301(b)(2); and
- (3) persons eligible under Sections 531.301(b)(3), (4), and (5).

SECTION 2. Requires that not later than January 1, 2002, the Health and Human Services Commission develop and implement the state prescription drug program under Chapter 531I, Government Code, as added by this Act.

SECTION 3. Effective date: September 1, 2001.

SUMMARY OF COMMITTEE CHANGES

Differs from original in SECTION 1 (Section 531.302, Government Code) by eliminating proposed language relating to duties the Health and Human Services Commission (commission) is authorized to carry out in adopting rules for the state prescription drug program. The deleted language would have authorized the commission to authorize the use of a prescription drug formulary to specify which prescription drugs will cover and require prior authorization for prescription drug benefits under the state program.