

BILL ANALYSIS

Senate Research Center
77R15748 E

C.S.H.B. 915
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Health & Human Services
5/8/2001
Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, several different Texas state agencies purchase prescription drugs for the individuals they serve. The Medicaid Vendor Drug Program at the Texas Department of Health pays for prescription drugs for those enrolled in the state Medicaid program. The Texas Department of Mental Health and Mental Retardation and the Texas Department of Criminal Justice purchase prescription drugs for the populations they serve. Both the Employees Retirement System of Texas and the Teacher Retirement System of Texas administer prescription drug benefit programs for the individuals they insure. Finally, many state higher education institutions operate hospitals or clinics which purchase drugs for their patients. All of these agencies use different methods to purchase these drugs. By coordinating the purchasing efforts of the agencies Texas can negotiate lower prices on drugs by purchasing in bulk. C.S.H.B. 915 creates the Interagency Council on Pharmaceuticals Bulk Purchasing (council) to provide pharmaceutical purchasing procedures and options for Texas state agencies and requires manufactures and wholesale distributors of pharmaceuticals in Texas to report purchase prices of drugs to the council.

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 Title 2E, Health and Safety Code, by adding Chapter 110, as follows:

CHAPTER 110. INTERAGENCY COUNCIL ON PHARMACEUTICALS BULK PURCHASING

Sec. 110.001. DEFINITION. Provides that in this chapter, "council" means the Interagency Council on Pharmaceuticals Bulk Purchasing.

Sec. 110.002. BULK PURCHASING COUNCIL. Provides that the Interagency Council on Pharmaceuticals Bulk Purchasing (council) is composed of an officer or employee from certain agencies, appointed by the administrative head of that agency.

Sec. 110.003. PRESIDING OFFICER. Provides that the position of presiding officer rotates among the members of the council according to the procedures adopted by the council. Provides that a term as presiding officer is two years and expires on February 1 of each odd-numbered year.

Sec. 110.004. COMPENSATION. Provides that service on the council is an additional duty of a member's office or employment. Provides that a member of the council is not entitled to compensation, but is entitled to reimbursement of travel expenses incurred by the member while conducting the business of the council, as provided in the General Appropriations Act.

Sec. 110.005. SUPPORT STAFF. Requires the council's member agencies to provide the

staff for the council.

Sec. 110.006. COUNCIL POWERS AND DUTIES. (a) Requires the council to develop procedures that member agencies must follow in purchasing pharmaceuticals other than medical assistance under the vendor drug program. Authorizes a member agency to elect not to follow the council's procedures if the agency can purchase the pharmaceuticals for a lower price than through the council. Requires an agency that does not follow the council's procedures to report to the council certain information.

(b) Requires the council to designate one member agency to be the central purchasing agency for purchasing pharmaceuticals.

(c) Requires the council to use existing distribution networks, including wholesale and retail distributors, to distribute the pharmaceuticals.

(d) Requires the council to carry out certain duties.

(e) Requires the council, in conducting the study under Subsection (d), to monitor the progress of the demonstration project for certain medications and related services established by Section 32.053, Human Resources Code, as added by S.B. 1156, 77th Regular Session, and make no recommendations inconsistent with a prescribed medical regime for those medications.

(f) Authorizes the council to enter into agreements with a local governmental entity to purchase pharmaceuticals for the local governmental entity.

(g) Requires the council to develop procedures under which the council is authorized to disclose information relating to the prices that manufacturers or wholesalers charge for pharmaceuticals by category of pharmaceutical. Prohibits the council from disclosing information that identifies a specific manufacturer or wholesaler or the prices charged by a specific manufacturer or wholesaler for a specific pharmaceutical.

SECTION 2. Amends Chapter 431E, Health and Safety Code, by adding Section 431.116, as follows:

Sec. 431.116. AVERAGE MANUFACTURER PRICE. (a) Provides that in this section, "average manufacturer price" has the meaning assigned by 42 U.S.C. Section 1396r-8(k), as amended.

(b) Requires a person who manufactures a drug, including a person who manufactures a generic drug, that is sold in this state to file with the Texas Department of Health (department) certain information.

(c) Requires the information required under Subsection (b) to be filed annually or more frequently as determined by the department.

(d) Authorizes the department and the attorney general to investigate the manufacturer to determine the accuracy of the information provided under Subsection (b). Authorizes the attorney general to take action to enforce this section.

(e) Requires the department to report the information collected under Subsection (b) to the council.

SECTION 3. Effective date: September 1, 2001.