

BILL ANALYSIS

Senate Research Center

S.B. 1780
By: Paxton
Health & Human Services
5/28/2019
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Rising health care costs and constrained budgets have forced policymakers nationwide into looking for innovative solutions to contain costs while providing for high value care. One of those methods is a value-based purchasing arrangement. A value-based purchasing arrangement is a written agreement that links payment for a drug to its value, for example, in terms of patient outcomes. This includes contracts involving rebates, discounts, price reductions, contributions, reimbursements, guarantees, patient care, shared savings payments, withholds, or bonuses. Value-based purchasing arrangements must be consistent with federal law and approved by the Centers for Medicare and Medicaid Services (CMS) within a respective state's Medicaid State Plan.

S.B. 1780 provides the Health and Human Services Commission the legal authority to seek value-based agreements. (Original Author's/Sponsor's Statement of Intent)

S.B. 1780 amends current law relating to value-based arrangements in the Medicaid vendor drug program.

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 Subchapter B, Chapter 531, Government Code, by adding Section 531.0701, as follows:

Sec. 531.0701. VALUE-BASED ARRANGEMENTS. (a) Defines "manufacturer" for purposes of this section.

(b) Authorizes the Health and Human Services Commission (HHSC), subject to Section 531.071 (Confidentiality of Information Regarding Drug Rebates, Pricing, and Negotiations), to enter into a value-based arrangement for the Medicaid vendor drug program by written agreement with a manufacturer based on outcome data or other metrics to which this state and the manufacturer agree in writing. Authorizes the value-based arrangement to include a rebate, a discount, a price reduction, a contribution, risk sharing, a reimbursement, payment deferral or installment payments, a guarantee, patient care, shared savings payments, withholds, a bonus, or any other thing of value.

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

SECTION 3. Provides that HHSC is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. Authorizes, but does not require,

HHSC, if the legislature does not appropriate money specifically for that purpose, to implement a provision of this Act using other appropriations available for that purpose.

SECTION 4. Effective date: September 1, 2019.