

BILL ANALYSIS

Senate Research Center

S.B. 1780
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Health & Human Services
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As Filed

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.

As proposed, S.B. 1780 amends current law relating to value-based arrangements for prescription drugs in Medicaid.

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 Section 531, Government Code, by adding Section 531.0701, as follows:

Sec. 531.0701. VALUE-BASED ARRANGEMENTS. Authorizes the Health and Human Services Commission (HHSC), subject to 531.071, to enter into a written agreement with a manufacturer of prescription drugs as defined by 42 U.S.C. Section 1396r-8(k)(5) and its subsequent amendments, including a subsidiary or affiliate of a manufacturer, based on outcomes data, or other metrics agreed to in writing by the state and a pharmaceutical manufacturer.

SECTION 2. Requires HHSC to amend contracts with managed care plans to ensure those contracts comply with Section 531.0701, Government Code, as added by this Act.

SECTION 3. Effective date: September 1, 2019.