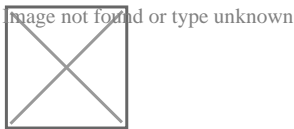




Texas Legislature Passes Prescription Drug Price Transparency Bill

Description



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Bill requires drug manufacturers, PBMs and health insurers to report drug pricing changes

AUSTIN—The Texas Legislature acted today to keep prescription drug costs down by passing HB 2536 by Rep. Tom Oliverson, R-Cypress, which requires drug pricing transparency by drug manufacturers, health plans and pharmacy benefit managers (PBMs).

The bill requires drug manufacturers to submit a report to the Texas Health and Human Services Commission (HHSC) when they have a price increase for a specific drug of at least 40% in its wholesale acquisition cost in the preceding three calendar years or at least 15% in the previous calendar year. HHSC is required to post the reports online.

“Drug costs have risen at an astronomical rate in recent years and now make

up about \$350 billion a year in total health care costs. In fact, almost 25 cents of every health insurance dollar goes to prescription drugs,” said Texas Association of Health Plans CEO and registered nurse Jamie Dudensing. “The Legislature’s passage of Dr. Oliverson’s bill shows that Texas is joining the fight against the high cost of prescription drugs, and we look forward to seeing the positive impact drug price transparency makes on Texans’ pocket books.”

Drug manufacturers’ price increase reports must contain a detailed statement about what caused the price increase. Additionally, reports include:

- The name of the drug.
- Whether the drug is a brand name or generic.
- The effective date of the change in wholesale acquisition cost.
- Aggregate, company-level research and development costs for the most recent year.
- The name of all of the manufacturer’s drugs approved by the U.S. FDA in the previous five calendar years.
- The name of each of the manufacturer’s drugs that lost patent exclusivity in the U.S. in the previous five calendar years.

In addition to the required drug manufacturer reporting, PBMs and health plans must submit annual reports to the Texas Department of Insurance. These reports will include information such as aggregated rebates, fees, and price protection payments collected from drug manufacturers for PBMs and the names of the 25 most frequently prescribed drugs, percent increase in annual net spending for drugs, and percent increase in premiums attributable to drugs for health plans.

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The Texas Association of Health Plans

The Texas Association of Health Plans (TAHP) is the statewide trade association representing private health insurers, health maintenance organizations, and other related health care entities operating in Texas. Our

members provide health and supplemental benefits to Texans through employer-sponsored coverage, the individual insurance market, and public programs such as Medicare and Medicaid. TAHP advocates for public and private health care solutions that improve the affordability, access and accountability of health care for many Texans. As the voice for health plans in Texas, TAHP strives to increase public awareness about our members' services, health care delivery benefits and contributions to communities across Texas.

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