



THE TEXAS STATE CHAMBER

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April 13th, 2023
Written Testimony
Oppose HB 4990

Chairman Harless and members of the House Select Committee on Healthcare Reform,

The Texas Association of Business (TAB) serves as the Texas State Chamber, representing employers of every size and industry. While HB 4990 aims to reduce the cost of prescription drugs for Texas state agencies, the bill has unintended consequences. We are concerned that HB 4990 would infringe on the role of private companies in the health care marketplace. Therefore, we must respectfully oppose HB 4990.

HB 4990 creates the "Texas Pharmaceutical Initiative" (TPI) which would be required to implement the following provisions:

- Establish a transparent pharmacy benefit manager to design benefits and acquire prescription drugs.
- Establish a network of facilities to provide pharmacy and medical supplies throughout Texas.
- Establish a pharmaceutical advanced preparation facility to provide pharmacy compounding.
- Contract with an entity to provide health care cost and claims analytic services.
- Authorizes TPI to contract to establish a facility for the manufacturing of generic drugs.

Each of these provisions in HB 4990 would encroach on services readily available in the private sector. We believe legislation aimed at incentivizing innovation and new private market participants will be more impactful to our health care system.

We would like to offer the following suggested changes to HB 4990 for the Committee to consider:

- **Appropriate accreditation** – It is unclear as to what accreditation standards apply to government created entities in the bill. To ensure patient safety, changes should be made to ensure the government run entities adhere to the same accreditation standards as private market entities.
- **Level playing field** – The legislature requires private market PBMs and pharmacies to meet several benefit, regulatory, and contractual mandates. Changes should be made to ensure that the government-created entities adhere to the same mandates as private market entities.
- **Ensure cost savings** – The entities created by HB 4990 would be tasked with operating a multi-billion-dollar enterprise, it is imperative that taxpayer funds are spent in the most fiscally responsible way. Therefore, state agencies that intend to use these government run entities should be required to follow the standard state procurement contracting process.

Sincerely,

Glenn Hamer
President & CEO
Texas Association of Business