

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE D. STATE PURCHASING AND GENERAL SERVICES

For expiration of this chapter, see Section 2177.010.

CHAPTER 2177. TEXAS PHARMACEUTICAL INITIATIVE

Sec. 2177.001. DEFINITIONS. In this chapter:

(1) "Advisory council" means the Texas Pharmaceutical Initiative Advisory Council established under this chapter.

(2) "Board" means the governing board of the initiative.

(3) "Commission" means the Health and Human Services Commission.

(4) "Generic biological product" means a biological product approved pursuant to an application under Section 351(k), Public Health Service Act (42 U.S.C. Section 262(k)).

(5) "Generic drug" means a prescription drug approved pursuant to an application under Section 505(j), Federal Food, Drug, and Cosmetic Act (21 U.S.C. Section 355(j)).

(6) "Initiative" means the Texas Pharmaceutical Initiative established under this chapter.

Added by Acts 2023, 88th Leg., R.S., Ch. 891 (H.B. 4990), Sec. 1, eff. June 13, 2023.

Sec. 2177.002. TEXAS PHARMACEUTICAL INITIATIVE. The Texas Pharmaceutical Initiative is established to provide cost-effective access to prescription drugs and other medical supplies for:

(1) employees, dependents, and retirees of public higher education systems and institutions;

(2) Employees Retirement System of Texas members;

(3) Teacher Retirement System of Texas members;

(4) persons confined by the Texas Department of Criminal Justice or the Texas Juvenile Justice Department; and

(5) individuals served by a program operated or administered by the health and human services system, as that term is defined by Section 531.001.

Added by Acts 2023, 88th Leg., R.S., Ch. 891 (H.B. 4990), Sec. 1,

eff. June 13, 2023.

Sec. 2177.003. BOARD. (a) The initiative is governed by a board composed of three members appointed by the governor.

(b) The governor shall designate the presiding officer of the board.

(c) A board member serves without compensation but may be reimbursed for travel and other actual and reasonable expenses incurred in the performance of the member's duties on the board.

Added by Acts 2023, 88th Leg., R.S., Ch. 891 (H.B. 4990), Sec. 1, eff. June 13, 2023.

Sec. 2177.004. BOARD MEMBER QUALIFICATIONS. (a) A person may not serve as a board member if the person:

(1) has held any other elective public office during the preceding five years; or

(2) is an employee of an entity served by the initiative.

(b) Not more than one-third of the members of the board serving at any one time may derive more than 10 percent of their annual income from the health care, insurance, or pharmaceutical industry.

Added by Acts 2023, 88th Leg., R.S., Ch. 891 (H.B. 4990), Sec. 1, eff. June 13, 2023.

Sec. 2177.005. BOARD POWERS AND DUTIES. (a) The board may:

(1) develop and implement the initiative and any programs established by this chapter;

(2) establish procedures and policies for the administration of the initiative; and

(3) establish procedures to document compliance by board members and personnel with applicable laws governing conflicts of interest.

(b) To carry out the purposes of this chapter and implement the initiative, the board may:

(1) hire and employ an executive director and necessary personnel to provide administrative support;

(2) execute contracts and other instruments and conduct all activities the board determines necessary for those purposes;

(3) authorize one or more board members to execute contracts and other instruments on behalf of the board; and

(4) establish a committee or other similar entity to exercise powers delegated by the board and exercise any other administrative duties or powers as the board considers necessary.

Added by Acts 2023, 88th Leg., R.S., Ch. 891 (H.B. [4990](#)), Sec. 1, eff. June 13, 2023.

Sec. 2177.006. BUSINESS PLAN. Not later than October 1, 2024, the board shall develop and submit to the governor, the legislature, and the Legislative Budget Board a business plan on:

(1) implementing the initiative, including the initiative's organizational structure and related programs;

(2) establishing procedures and policies for the administration of the initiative, including documenting the process and resources required for the provision to individuals described by Section [2177.002](#) of the following services:

(A) establishing or contracting for statewide pharmacy benefit manager services;

(B) establishing policies and conditions to operate or contract for the operation of a distribution network, central service center, and associated network of satellite distribution facilities to distribute prescription drugs and related medical supplies; and

(C) providing advanced pharmaceutical preparation and related services, including:

(i) manufacturing generic drugs and generic biological products;

(ii) providing gene therapies and precision medicine; and

(iii) providing advanced laboratories for quality control, preparation, and compounding of drugs in support of innovative therapeutics and drug research;

(3) establishing procedures to document compliance by

board members and personnel with applicable laws governing conflicts of interest;

(4) establishing the conditions for state agencies that facilitate health plans to participate in the initiative;

(5) identifying potential cost savings from implementation of the initiative;

(6) identifying the funding and resources needed to implement this chapter; and

(7) providing other board recommendations, with supporting documentation, on continuation of the initiative.

Added by Acts 2023, 88th Leg., R.S., Ch. 891 (H.B. [4990](#)), Sec. 1, eff. June 13, 2023.

Sec. 2177.007. ADMINISTRATIVE ATTACHMENT. (a) The board is administratively attached to the commission.

(b) The commission shall provide administrative support services to the board as necessary to carry out the purposes of this chapter.

Added by Acts 2023, 88th Leg., R.S., Ch. 891 (H.B. [4990](#)), Sec. 1, eff. June 13, 2023.

Sec. 2177.008. ADVISORY COUNCIL. (a) The Texas Pharmaceutical Initiative Advisory Council is established to advise the board in implementing this chapter and carrying out the duties imposed on the board under this chapter.

(b) The advisory council is composed of:

(1) the executive commissioner of the commission or the executive commissioner's designee;

(2) the executive director of the Employees Retirement System of Texas or the executive director's designee;

(3) the executive director of the Teacher Retirement System of Texas or the executive director's designee;

(4) the chancellor of The University of Texas System or the chancellor's designee; and

(5) the chancellor of The Texas A&M University System or the chancellor's designee.

Added by Acts 2023, 88th Leg., R.S., Ch. 891 (H.B. [4990](#)), Sec. 1,

eff. June 13, 2023.

Sec. 2177.009. CONFLICTS OF INTEREST. Except as otherwise provided by this chapter, Chapter [572](#) applies to the initiative. Added by Acts 2023, 88th Leg., R.S., Ch. 891 (H.B. [4990](#)), Sec. 1, eff. June 13, 2023.

Sec. 2177.010. EXPIRATION OF CHAPTER. This chapter expires September 1, 2025. Added by Acts 2023, 88th Leg., R.S., Ch. 891 (H.B. [4990](#)), Sec. 1, eff. June 13, 2023.