

1-1 By: Bonnen (Senate Sponsor - Kolthorst) H.B. No. 4638  
 1-2 (In the Senate - Received from the House May 7, 2025;  
 1-3 May 9, 2025, read first time and referred to Committee on Health &  
 1-4 Human Services; May 26, 2025, reported favorably by the following  
 1-5 vote: Yeas 8, Nays 0; May 26, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED  
 1-18 AN ACT

1-19 relating to the Texas Pharmaceutical Initiative.  
 1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
 1-21 SECTION 1. Section 2177.003(a), Government Code, is amended  
 1-22 to read as follows:  
 1-23 (a) The initiative is governed by a board composed of five  
 1-24 [~~three~~] members appointed by the governor.  
 1-25 SECTION 2. Chapter 2177, Government Code, is amended by  
 1-26 adding Section 2177.0035 to read as follows:  
 1-27 Sec. 2177.0035. TERMS; VACANCIES. (a) Board members serve  
 1-28 staggered six-year terms, with one-third or as near as possible to  
 1-29 one-third of the members' terms expiring February 1 of each  
 1-30 odd-numbered year.  
 1-31 (b) A vacancy on the board shall be filled for the unexpired  
 1-32 term in the same manner as the original appointment.  
 1-33 SECTION 3. Section 2177.006, Government Code, is amended to  
 1-34 read as follows:  
 1-35 Sec. 2177.006. BUSINESS PLAN. Not later than June 1 of each  
 1-36 even-numbered year [~~October 1, 2024~~], the board shall prepare  
 1-37 [~~develop~~] and submit to the governor, the legislature, and the  
 1-38 Legislative Budget Board a business plan on:  
 1-39 (1) implementing the initiative, including the  
 1-40 initiative's organizational structure and related programs;  
 1-41 (2) establishing procedures and policies for the  
 1-42 administration of the initiative, including documenting the  
 1-43 process and resources required for the provision to individuals  
 1-44 described by Section 2177.002 of the following services:  
 1-45 (A) establishing or contracting for statewide  
 1-46 pharmacy benefit manager services;  
 1-47 (B) establishing policies and conditions to  
 1-48 operate or contract for the operation of a distribution network,  
 1-49 central service center, and associated network of satellite  
 1-50 distribution facilities to distribute prescription drugs and  
 1-51 related medical supplies; and  
 1-52 (C) providing advanced pharmaceutical  
 1-53 preparation and related services, including:  
 1-54 (i) manufacturing generic drugs and generic  
 1-55 biological products;  
 1-56 (ii) providing gene therapies and precision  
 1-57 medicine; and  
 1-58 (iii) providing advanced laboratories for  
 1-59 quality control, preparation, and compounding of drugs in support  
 1-60 of innovative therapeutics and drug research;  
 1-61 (3) establishing procedures to document compliance by

2-1 board members and personnel with applicable laws governing  
 2-2 conflicts of interest;  
 2-3 (4) establishing the conditions for state agencies  
 2-4 that facilitate health plans to participate in the initiative;  
 2-5 (5) identifying potential cost savings from  
 2-6 implementation of the initiative;  
 2-7 (6) identifying the funding and resources needed to  
 2-8 implement this chapter;  
 2-9 (7) providing recommendations on best practices and  
 2-10 cost savings related to the provision of pharmacy benefits using  
 2-11 program utilization; and

2-12 (8) ~~[(7)]~~ providing other board recommendations, with  
 2-13 supporting documentation, on continuation of the initiative.

2-14 SECTION 4. Section 2177.010, Government Code, is amended to  
 2-15 read as follows:

2-16 Sec. 2177.010. EXPIRATION OF CHAPTER. This chapter expires  
 2-17 September 1, 2031 ~~[2025]~~.

2-18 SECTION 5. (a) As soon as practicable after the effective  
 2-19 date of this Act, the governor shall appoint the governing board  
 2-20 members for the Texas Pharmaceutical Initiative as required by  
 2-21 Section 2177.003, Government Code, as amended by this Act.

2-22 (b) Notwithstanding Section 2177.0035, Government Code, as  
 2-23 added by this Act, in making the appointments of the governing board  
 2-24 members for the Texas Pharmaceutical Initiative under Subsection  
 2-25 (a) of this section, the governor shall designate:

- 2-26 (1) two members to serve terms expiring February 1,  
 2-27 2027;
- 2-28 (2) two members to serve terms expiring February 1,  
 2-29 2029; and
- 2-30 (3) one member to serve a term expiring February 1,  
 2-31 2031.

2-32 SECTION 6. This Act takes effect September 1, 2025.

2-33 \* \* \* \* \*