

# House Select Committee on Health Care Reform

March 23, 2023

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## Roll Call

Sam Harless: Chair - Present  
Donna Howard: Vice-Chair - Present  
Eddie Morales - Present  
Tom Oliverson - Present  
Greg Bonnen - Present  
Four Price - Present  
John Bucy - Present  
Toni Rose - Present  
James Frank - Present  
Armando Walle - Present  
Stephanie Klick - Present

## Resources

[Hearing notice](#)

Video of hearing

- [Part 1](#)
- Part 2

## Testimony

**HB 2556** - Neutral

### **Oliverson**

Significant workforce challenge. Everyone that can work is already in the workforce. But one group is on the bench: physician graduates. If they don't match, they have no place to go. This bill would create a pathway; associate physician license for these doctors where they can practice under direct supervision of a physician. Not a pathway to full licensure but let people get in the workforce and make an income. Would let these people figure

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TEXAS ASSOCIATION OF HEALTH PLANS

Meeting Update–March 23, 2023  
Jamie Dudensing, CEO

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out what they want to do and learn about a new opportunity. Able to provide a high level and standard of care for Texans. To do this, you would have to pass the first two steps of the licensing exam. Also folks who train outside the USA.

Working on technical cleanup. Will have a substitute, don't have it today. Working with the medical board on this. Somewhere around 7000 unmatched medical graduates everywhere. 1 state allows this, 8 other states are contemplating this legislation.

Wouldn't be able to bill under CMS for Medicare and Medicaid. Would have to bill under physicians that supervise them.

**Kevin Diaratna**, Texas Heritage Foundation

Neutral. Access to care is defined as the timely use of personal health services to achieve the best health outcomes. Reform often focused on the demand side with not enough focus on the supply side of medicine. Licensure in general is one of the nation's largest forms of regulation. AAMC forecasted a significant shortage by 2030. Aging population where many doctors are retiring. Demand outstrips the supply, particularly in rural areas. In 2022, over 5000 unmatched. Surplus of talent, not enough doctors.

**Bonnen:** Of physicians without positions when they apply, USA or foreign?

**Diaratna:** Either USA residents or green card holders.

**Bonnen:** Are the majority graduates from USA schools?

**Diaratna:** Well it is a better system for USA graduates.

**Morales:** How is this different from residency programs provided now?

**Diaratna:** Credited differently and normal programs have formal syllabus.

**Morales:** Is this a pathway to maintain a full residency?

**Diatrana:** No, acquire more experience and improve abilities when applying.

**Morales:** Asks about getting people to rural areas.

**Jack Franklin**

Support. Rural Texas physician in Llano; one of 6 in the county. We wear a lot of hats as rural physicians; elderly to pediatrics. We have always needed more doctors in rural Texas. HB 2556 helps people have a flavor for rural medicine.

**Hannah Sane**

Support. Medical graduate from a British medical school. Have applied to residency 5 times, applying to over 300-400 residency programs. Worked for CDC, have research journals, etc.

**Morales:** Is there a community of folks similar to you, that bounce off ideas?

**Sane:** Yes, I founded American's Society of Physicians, the point of it was to create a support system.

**Morales:** How many of you and your colleagues would actually move to rural areas?

**Sane:** Hard to say, but I know for me and many others it's a no brainer.

**David Balat**

Support. Shares statistics.

**Juliet Madrigal**

Support. County health authority in Burnet. This would be huge in rural areas.

**Elina Sholar, Texas 400**

Support. Texas ranks 47th for PCP's.

**Patricia Arona, Texas 400**

Support. People aren't able to see doctors because we don't have enough of them. The system is turning away good, qualified people. Should not delay in passing this bill.

**Tiffany Graham Estabar**

Support. Been in the workforce since 2010. Can't afford to continue to apply to match. Want to work in rural areas. Skills are needed.

**Steven Carrolton, Texas Medical Board**

Neutral. Resource witness, here to answer questions.

**Oliverson** closes. Bill left pending.

**HB 999** - Neutral

**Price**

Bill has the potential to improve the cost of medication for specific populations that

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depend on them. Insurance plans are selected based on personal needs. Copays and deductibles increase, which means more out of pocket costs. People rely on third party entities like non profits, etc. that offer copay vouchers, etc. Assistance payments made on their behalf often are blocked from being a part of their deductible. Bill would require insurers to include payments made on patients behalf with out of pocket costs, deductibles, etc.

**Oliverson:** When there are therapeutic alternatives, I feel like mandating that these cards be counted destroys the ability of insurance companies to enter into good faith negotiations with manufacturers, because there's no incentive. Important dichotomy. We want to protect those that are without other options, but don't want to incentive those that don't negotiate with big pharmaceutical companies.

**Kendall Boyer**, Infusion Access Foundation

Support. All patients I have worked with overcome tremendous obstacles, these drugs are expensive.

**Ryan Crowe**, Texas Central Bleeding Disorders

Support. Crowe recounts his life living with hemophilia. He and his family filed for bankruptcy in July of 2020 due to spiking medical bills.

**Melissa Compton**, Texas Bleeding Disorders Coalition

Support. Effective medicine is expensive. Here to protect patients.

**Jamie Dudensing**, TAHP

Neutral. Appreciated working with Rep. Four Price. Good balance of addressing the abuse of drug coupons, and helping with people who have real issues with this.

**Frank:** Trying to figure out where pharma companies can get in on this.

**Dudensing:** Quite a few reports around showing where drug coupons are problematic and where they are helpful.

Where drug companies spend one dollar on coupons, they get 4 dollars in return. Bill takes care of this.

**Chase Bearden**, Coalition of Texans for Disabilities

Support. Do appreciate that health plans have gone neutral. Willing to work with everyone, it's about protecting Texas patients not pharma, etc.

**Shelly Clason**

Support. Want to speak to how the process works. My son. We don't actually hold or submit a coupon, we submit to a copay assistance program. We get a piece of mail saying if we are accepted or not. This year, from our personal experience, we're good. With Melissa' son, 350,000 dollars a year in drugs for this bleeding disorder. Patients don't see coupons, coupons go directly to insurance. Added to the bucket, but doesn't go to the deductible.

**Price** closes bill. Thanks the health plans and others. This targets a very specific population and would help them to a very high degree. Bill left pending.

**HB 711** - Support

**Frank**

A lot of work needs to be done with transparent pricing. But that's only part of the issue, we also need to have a competitive environment. People are financially unhealthy because of inflation, consolidation and predatory practices. All or nothing provision is out of the bill and other more minor changes. Driving down prices doesn't mean quality goes down; typically quality actually goes up because you actually have a market. So much money is spent making sure we don't have transparency or competition.

**Oliverson**: Does anti steering provision apply equally to general contracting, is it applied equally both ways? This day in age when health care is consolidated.

Frank: Happy to look into this. Vertical integration is one of the dangers. In a pure sense it works awesome, but can also work poorly. Happy to look at how we would protect against that in this bill.

**Charles Miller**, 2036

Support. Health care has a massive amount of price variation. This doesn't really exist in any other market. Consolidated actors have abused their positions of market power.

**Frank** closes. Healthy markets mean healthy people. Bill left pending.

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**HB 633** - Support

**Frank**

Bill says if a patient is uninsured or paying cash, they pay the lowest commercial rate. Don't think this bill actually affects most hospitals, etc. because don't think most do the bad practice.

**Genevive Collins**, Americans for Prosperity

Support. Current insurance market is turning Texans into cash payers. This bill will allow Texans to get care at a cost they know. 12% increase since 2021 in those that turn down care because of the expense.

**David Balat**, Texas Public Policy Foundation

Support. Would have welcomed a direct payment option from the patient when he ran hospitals, which this bill could provide.

**Daniel Chepkaskis**, Patient Choice Coalition

Neutral. Consumer protection bill, benefits health care providers.

**Nicholas Lee**, Texas Society of Anesthesiologists

Oppose. Bill may jeopardize healthy payer mix. Capping payment gives insurance rates all the power.

**Frank:** What is the right number?

**Lee:** Hard to give rate when all services are different

**Adam Hornback**, North Texas Team Care Surgery Center

Oppose. Concerns with lowest contracted price. We offer cash prices for all to see, but some aren't equivalent to the lowest price based on what contracts are. Don't make money on one, but on the other. Evens out due to volume.

**Zeke Silva**, Texas Medical Association

Oppose. Respect the intent. Anti free market nature of the bill. If we can't negotiate direct payment, it is difficult sustaining the viability of our practices. Consequences to patient care.

**Frank:** Bill is more-so meant to be direct at hospitals. Asks about solutions.

**Oliverson:** Always thought being in-network is a good thing. Physicians typically contract with plans to be in network, because they are often small businesses. Concern I have is that those networks are what drive value on the physician's side.

**Silva:** Agree with what you said.

**Oliverson:** When you're uninsured, you don't have anyone in your corner. With respect to bylaws, in your contracts do you have prohibitions in discussing contracted prices publicly? Your own practice?

**Silva:** Don't have an answer to that question.

**Charles Miller, 2036**

Neutral. Cap is important.

**Howard:** What rate would you advise?

**Miller:** Could look at median contracted rate, highest contracted rate, could be a blended approach, etc.

**Montgomery Stanley, Texas Chiropractic Association**

Chiropractor. Most of us have solo practices, insurers take advantage of us and set rates are not fair. Many chiropractors don't go in-network because of that.

**Jody Hardee**

Oppose. Same concerns as others. Been in health care for years. I've had major insurers say take it or leave it when it came to set rates.

**Heather De la Garza, Texas Hospital Association**

Oppose. Texas hospitals being mandated. May de-incentivize people from buying insurance. Government imposed limitations will limit revenue.

**Frank:** Y'all agreed to do business at a loss with a third party?

**De la Garza:** Model of discount for volume.

**Frank:** I will say next iterations of this bill will only deal with hospitals. Y'all say rate setting, you negotiate with insurance companies for the rate, right?

**De la Garza:** Yes.

**Frank:** Is there any margin, protection for someone who doesn't have insurance, is there

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any margin that is ethical to say, we aren't going to go above?

**De la Garza:** We are required to have prompt pay discounts and we offer those on a sliding scale. I know not every hospital is the same.

**Frank:** No protection you're willing to put on? Y'all have been forced to provide transparent pricing.

**De la Garza:** We have supported anti surprise billing from the beginning.

**Frank:** If you have a 1000 dollar procedure and your chargemaster is 4000, you claim that 4000 is uncompensated care.

**Laura Tamze**, Texas Trial Lawyers Association  
Oppose.

**Carl Ossat**, Texas Association of Business Administrators  
Support. Represent self funded health plans. Filed first price transparency bill in 2005. Encourage you not to take anyone out of the bill.

**Frank** closes. Bill left pending.

**HB 2180** - Oppose

**Harris**

This bill would require an enrollee's cost sharing amount for prescription drugs to be calculated at the point of sale, and that price would have to be reduced by any rebates that issuer or PBM receives for the prescription. Health plans say premiums will go up. Can stop PBMs from pocketing rebates, that's what this bill does. Texans deserve to get the full benefits of insurance.

**Frank:** Challenges with this issue is who tends to own the PBM's. Who owns?

**Harris:** Plans. Or vice versa.

**Frank:** Huge problem in my opinion.

**Sharon Lamberton**, PHARMA

Support. 40 patient and provider groups support this bill. Bill allows rebates to go directly to patients at the counter. Discounted price is 49% lower than the list price. Bill will address that. Right thing for patients.



**Diana Dobson**, Regarding Cancer

Support. Would provide immediate savings to patients at the point of sale.

**Melanie Schrader**

Oppose.

**Greg Haaske**, National Alliance on Mental Illness

Support. Costs are rising high due to inflation. Access to care and affordability is massively important to the outcomes of this community.

**Tiffany Jones-Smith**, Texas Kidney Foundation

Support.

**Jamie Dudensing**, TAHP

Opposition in introduced version. Few comments about drug negotiations and rebates. Only 7% of drugs have a rebate. What is driving are the high prices drugs are set at. We use rebates to lower prices, and in turn lower premiums for employers and employees. Support recommendation that 100% of these rebates go to lowering the cost of premiums.

If you look at FN for 2180 and look at TRS, it will cost them a ton. Our recommendation is that yes, the select committee recommendation goes to benefit of employers and consumers but allows the market to decide if it's going to point of sale or going to reduce premiums. Important choice bc when we talk about fully insured in Texas, mostly talking about small employers. So the potential of more uninsured individuals. Here to be a part of the solution to make sure 100% of rebates go to savings.

**Frank:** What percentage of employers know there's a rebate?

**Dudensing:** I personally tend to not ask for that rebate, I think you see larger employers like TRS getting into that line item.

**Frank:** Appreciate trying to make sure we lower premiums, but when we say give a choice to employers, these people don't have a peak behind the curtain.

**Dudensing:** Let me clarify, not saying give a choice on whether it lowers premiums, I'm saying that the state would mandate that in the bill and verify that it is going to reduce premiums. What I'm saying is if an employer wanted to choose to buy a point of sale rebate plan. If they wanted to take the hit of higher premiums, that's the choice I'm talking

about.

**Frank:** Appreciate point of clarification.

**Harris** closes. Bill left pending.

**HB 25** - Support

**Talarico**

Safe importation of low cost drugs from Canada. Creates the wholesale drug importation program. Result in estimated cost savings of 60-70% without posing any risk to public health or safety. This session we have an opportunity to get Texas to front of the line.

**Dwayne Gallagher**, Texas Pharmacy Association

Oppose. Concerned with patient safety. Savings will be offset by other implications.

**Harless:** Concerned that it would harm patients, but would still get FDA approval.

**Gallagher:** Other states have looked at this and then FDA starts walking back the testing requirements. Still not the same requirements put in place in the American drug system. Harms patients.

**Frank:** Aren't all those examples under the current system with no importation?

**Gallagher:** Some. Some were from before. If we open back up and undo standards, there's a risk.

**Sharon Lamberton**, PHARMA

Oppose. This legislation is not the answer because of the cost of administration and the risks. No HHS secretary has been able to certify that importation is safe and saves money, or FDA commissioner. Don't need to open up the secure supply chain.

**Charles Kesio**, AARP

Support. No secret drug prices need to come down. This isn't a complete solution. But safe importation can make an impact. Prescription drugs manufactured in US are also manufactured elsewhere. Consumers are already accessing these drugs in a lot of ways. Why not do this safely. FDA is the gold standard, not gonna be a radical system.

**Harless:** What is your response to the fiscal note?

**Kesio:** There would be the initial cost on the forefront, but Florida estimates 80 million saved from this (in a year?), still in support.

**Frank:** Safety concerns?

**Kesio:** No concerns.

**Blake Hutson, TAHP**

Support. Article on all new drugs that entire the market; over 200,000 dollars. We pay 2.4 times the amount other developed countries pay. These drugs; there's no rebate. Steadily gotten so expensive. All the innovation in the world is great but it means nothing if people can't afford them. The isn't-not running in states just because the plan isn't approved by the Biden administration.

22 cents of every dollar of health care is spent on drugs.

**Frank:** Questions on practices of companies that are trying to keep us safe with these drugs. Some pharmaceutical companies will say if you have a patent on a drug and then there's a generic that comes on to compete with them and decrease price, is it occasionally where one of those companies might get bought or paid money to not manufacture that generic so higher price can stay on?

**Hutson:** Brand manufacturers will sue generic and settle in that pay for delay agreement to stop that generic market insurance. Maybe not done in other countries so they can't get away with it.

**Frank:** Free market only works when the government requires responsible behavior. In this case we don't require that behavior.

**Hutson:** Spot on about the relationship between FDA and providers. Look up the Prescription Drug User Fee Act (PDUFA), drug companies paying for FDA approval. Trying to do something active on this front is important.

**Brandon Dyson, Texas Oncology**  
Neutral.



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**Roe Jackson**, Texas Association of Manufacturers

Oppose. Jackson believes the bill will expose Texas to counterfeit medicine or substandard products.

**Emily Dove**, Texas 2036

Support. The bill will do great for providing a more free and open market for Texans and allow Texans to make their own choices.

**Rose**: Can we call someone from PHARMA to address allegations?

**Frank**: Two lower costs, put in a patent, and prices go up. Is this something that happens and is approved by the FDA?

**Sharron Lamberton**, PHARMA

Patents are something that work. The allegations are that PHARMA is doing this for coding.

**Talarico** closes. \*REVISIT

Bill left pending.