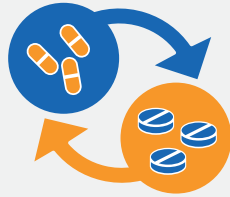


Texas Medicaid Managed Care Organizations (MCOs) seamlessly coordinate high-quality medical and prescription drug care to nearly all Texas Medicaid families while saving taxpayer dollars.

Results are in and Texas MCOs have improved outcomes and saved money



Reduced ER visits and hospital stays



Reduced dangerous drug interactions, including opioid deaths



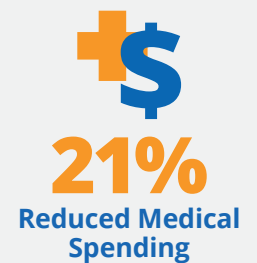
Cut drug cost growth by half



Saved up to \$13 billion between 2011–2017

Coordinating Medical & Pharmacy Benefits Saves Money

States, like Texas, that allow MCOs to coordinate Medicaid prescription drug coverage see more efficient benefits and have 21% lower spending. That's why a majority of states use MCOs to cover some or all of their Medicaid pharmacy benefits—more than 70% of prescriptions nationally are paid by MCOs.



Coordinating Medical & Pharmacy Benefits Improves Outcomes



16% ER Visits Reduced preventable spending



48% Adult Diabetes Reduced hospital stays for adults with complex diabetes



65% Childhood Asthma Reduced hospital stays for children with asthma



89% Opioid Interactions Reduced dangerous drug interactions
in the Houston Cocktail



Texas Medicaid Today—Increased Access to Prescription Drugs

- **Extensive Pharmacy Network:** Medicaid and CHIP families have access to nearly all state pharmacies, with over 95% of Texas pharmacies participating in networks.
- **Texas has More Pharmacies than Ever:** The number of pharmacies in Texas has reached over 5,000. From 2013 to 2023, independent pharmacies increased from 1,735 to 2,015, a 16% increase.



Patients & Taxpayers Can't Afford a Medicaid Drug Carve-Out

Bad for Texas Patients and Taxpayers: A Medicaid drug “carve-out” to a single statewide PBM fragments a patient’s prescriptions from their medical care, rolls back taxpayer savings, and worsens health outcomes.

A Carve-Out Hurts Texas Medicaid Families

- **Coordination of Care:** Without real-time pharmacy data, MCO’s cannot coordinate and improve patient care.
- **Increased Medical Spending:** States that separate the coordination of medical care and drug coverage have increased hospitalizations, ER use, and medical spending.



Carve-Out Costs Texas Taxpayers

- **Higher Drug Prices:** Switching to Medicaid NADAC rates or FFS costs \$100M per year.
Source: HB 1293 (88th).
- **Transition Costs:** One-time transition costs were estimated at \$30–50M.
Source: Rider 60 Report (2018).
- **Increased Spending:** Drug spending would increase by \$28–51M per year.
Source: Rider Addendum 1, Rider 60 Report (2019).
- **Lost Revenue:** Texas would lose \$30M in premium tax revenue (1.75% of Rx MCO spend).

Texas Medicaid Today—Accountable & Transparent Drug Coverage

- **Spread Pricing Banned:** PBMs can’t charge more for a drug than paid to a pharmacy.
- **Centralized Rebate Negotiations:** HHSC alone negotiates and collects rebates, not MCOs or PBMs.
- **Strict Statewide Formulary:** HHSC establishes a single statewide formulary and MCOs & PBMs must comply or face financial penalties.
- **Required Transparency:** MCOs & PBMs are heavily audited to ensure every pharmacy claim and all related pharmacy spending are submitted to the state.
- **Already Has Best Drug Prices:** Medicaid already secures the best prices for drugs through significant discounts and rebates mandated by law.
- **State Set Prior Authorization:** HHSC sets prior authorization requirements that MCOs must strictly follow.

