



PBM State Contract Transparency

[SB 1416](#) by [Sen. Glen Hegar](#) (R-Katy) and [HB 4596](#) by Rep. [Lois Kolkhorst](#) (R-Brenham).

The Texas State Auditor's Office has made recommendations for transparency in pharmacy benefit management contracts between Employees Retirement System, Teachers Retirement System, the University of Texas System and the Texas A&M University System.

PBM contracts should:

1. disclose any conflicts of interest;
2. identify and label the specific information considered proprietary information belonging to the pharmacy benefit manager;
3. disclose data-sharing practices, including
 - a. whether the pharmacy benefit manager has a revenue-sharing agreement concerning the sale of data related to the services performed, and
 - b. whether the data can be sold and if so, the conditions under which the pharmacy benefit manager may sell the data.
 - c. statement that the pharmacy benefit manager shall not sell any data without 30 days prior written notification to the board of trustees.
4. The board of trustees is entitled to audit the pharmacy benefit manager
 - a. to verify costs and discounts associated with drug claims,
 - b. pharmacy benefit manager compliance with contract requirements and
 - c. services provided by subcontractors and
 - d. that the audit shall be conducted by an independent auditor and in accordance with auditing standards;
5. Any audit of mail order pharmacies owned by the pharmacy benefit manager shall be conducted in accordance with auditing standards and by an independent auditor selected by the board of trustees.