



April 12, 2021

Rep. Mayes Middleton
Texas House of Representatives
Room E2.712
P.O. Box 2910
Austin, TX 78768

Rep. John Raney
Texas House of Representatives
Room GN.11
P.O. Box 2910
Austin, TX 78768

RE: H.B. 2787

Dear Representatives Middleton and Raney,

On behalf of the Self-Insurance Institute of America, Inc. (SIIA), representing self-insured plans, employers, TPA's and brokers across Texas, I write to you today to express concerns regarding H.B. 2787. This bill, as written, would potentially violate important federal protections for self-insured plans granted by the Employee Retirement Income Security Act (ERISA), specifically in the pharmacy benefit space.

While self-insured plans, like many others, are seeing high costs of prescription drugs and have potential concerns with Pharmacy Benefit Manager ('PBM') structures, seeking to solve the problem by eliminating the rightful legal exemption for self-insured plans does not solve the problem at hand. As you know, self-insured plans simply utilize available tools to drive down drug pricing for their employees, making it uncertain how eliminating such a protection under Texas statute would provide a solution.

Employers across Texas, big and small, use self-insured plans to create affordable, cost-effective, and high-quality health benefits to employees and their families in private sector businesses, school districts, universities, churches and municipalities across the state. Through a self-insured health plan, the employer ultimately retains the full risk of paying claims, in contrast to traditional insurance, where all risk is transferred to the insurer. In fact, according to U.S. Department of Labor statistics, nearly 66% of enrollees covered by private health insurance in the State of Texas are covered under a self-insured health plan.

While supporting the intent of reigning in drug costs and abusive pharmacy benefit practices, SIIA strongly encourages legislative changes that continue to ensure important ERISA protections for self-insured plans. We therefore respectfully request that a clause be added to H.B. 2787 in the beginning of Section F as follows:
"This section does not affect any other provision of law relating to a self-funded health benefit plan as defined by the Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq)."

We look forward to working with you to better address issues in the pharmacy benefits space and remain available to answer any questions you may have.

Sincerely,

Ryan C. Work
Vice President, Government Relations
Self-Insurance Institute of America, Inc. (SIIA)