



# Health and Human Services

## Texas Pharmaceutical Initiative Board

### December 11, 2025

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*This summary contains supplemental information from reliable sources where that information provides clarity to the issues being discussed. Power Point tables used in the presentations may also be used in this summary. Names of individuals may be misspelled but every attempt has been made to ensure accuracy. Tables and Text have been used from executive and legislative agencies and departments' presentations and publications.*

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The Texas Pharmaceutical Initiative (TPI) is established by [Ch. 2177, TX Government Code](#). Ch. 2177 was amended by [House Bill 4638 \(89th Regular Session\)](#).

The goal of the Initiative is to provide greater, and more cost-effective access to prescription drugs and essential medical supplies. In developing and implementing recommendations, TPI is focused on savings and access to benefit employees, dependents, and retirees of public higher education systems, members and dependents of the Employees Retirement System of Texas (ERS) and the Teacher Retirement System of Texas (TRS), individuals under the Texas Department of Criminal Justice or Texas Juvenile Justice Department, and individuals served by health and human services programs.

### **TPI Business Plan**

Pursuant to Tex. Gov't Code Sec. 2177.006 (2023), TPI submitted its business plan to the Governor, Legislature, and the Legislative Budget Board on September 30, 2024. You may utilize the following link to review the [Business Plan for Texas Pharmaceutical Initiative \(PDF\)](#) and the [Business Plan for Texas Pharmaceutical initiative Footnotes \(PDF\)](#) as submitted.

During the 89<sup>th</sup> Regular Session of the Legislature (2025), Chapter 2177 was amended with the passage of HB 4638, which took effect on September 1, 2025. HB 4368 requires the TPI to submit a revised Business Plan by June 1, 2026. HB 4638 also set TPI's enabling statute to expire on September 1, 2027.

The Proposed Revised Business Plan is subject to TPI Board review and final approval. The revised version will be posted on this webpage following an Electronic and Information Resources accessibility review.

### **Members:**

- Mike McKinney, M.D., Chair, Bryan, TX (Term expires February 1, 2029)
- Goldina Erowele, Pharm.D., Missouri City, TX (Term expires February 1, 2031)
- Tony Schell, Austin, TX (Term expires February 1, 2027)
- Randall Wright, Houston, TX (Term expires February 1, 2029)
- Position #5 TBD (Term expires February 1, 2027)



### **Advisory Council Members**

- Michael Lopez, Deputy Executive Commissioner, Operations, Medicaid and CHIP Services Division, Texas Health & Human Services
- Blaise Duran, Director, Group Benefits Program, Employees Retirement System of Texas
- Katrina Daniel, Chief Health Care Officer, Teacher Retirement System of Texas
- Laura Chambers, Executive Director, Office of Employee Benefits, The University of Texas System
- Sheri Meyer, Director, System Benefits Administration, Texas A&M University System

**1. Call to order, logistical announcements, and roll call.** The meeting was convened by Mike McKinney, Chair. A quorum was established.

**2. Introduction of new board member: Mr. Randall Wright (Term February 1, 2029).** [https://www.einnews.com/pr\\_news/852569506/governor-abbott-appoints-wright-to-texas-pharmaceutical-initiative-governing-board](https://www.einnews.com/pr_news/852569506/governor-abbott-appoints-wright-to-texas-pharmaceutical-initiative-governing-board)

**3. Consideration of draft meeting minutes for June 25, 2025, meeting and summary account of September 23, 2025, noticed meeting.**

The minutes were approved as drafted.

**4. Discussion of TPI bylaws regarding vice-chair, including adoption of procedure to elect a vice-chair, and potential election of vice-chair.**

### **Adoption of Procedure for Election of Officers and Officer Election Process**

Adopting Presiding Officers Election Procedure The following is the proposed procedure for electing presiding officers. After laying out the procedure, we will entertain a motion for the adoption of this procedure. HHS staff will announce a call for nominations for each officer position. Nominations may be called for prior to the meeting by being sent to a designated HHS staff member before the meeting, accepted on the day of the meeting, or both before and during the meeting. Members will be asked to nominate themselves or another member for chair and vice chair. HHS staff will announce the



name(s) of member(s) who made the nomination. If a member is nominated by someone else, staff will verify that the nominee is willing to accept the nomination for that position. Once all nominations for chair and vice chair have been received, each nominee will be given two minutes to inform members of their qualifications for presiding office, if they so desire. Nominations and election for the chair and vice chair will be conducted at today's meeting.

**ROLL CALL VOTE** ACCO staff will call each voting member's name one at a time. The member will then state the name of his or her candidate. ACCO staff will record each vote. Once all votes have been recorded for each position, the nominee receiving the most votes will be announced.

**SINGLE NOMINEE** If only one person is nominated for Chair or Vice Chair, and after ensuring that, in fact, no members present wish to make further nominations, ACCO staff can call for a motion to be made for the nominee to be elected by unanimous consent or "acclamation" and conduct a voice vote [or a roll call vote for voting members that have called in via teleconference].

***NOTE: A roll call vote will need to be conducted for a single nominee when a meeting is being conducted in a virtual setting.***

**MOTION:** Adopt the election policy prevailed.

## **5. Operations and Finance Report**

**a. Update on current and future business operations to support the TPI, including update on general contract and asset management, recently hired and open staff positions, and pertinent issues, if any, involving the TPI administrative attachment to the Health and Human Services Commission.**

Th director commented on the lean operating structure and their use of leveraging what our assets are to become an initiative, operating at full capacity. We work very closely with our agency and system partners.

We also prioritize strategic outreach and legislative awareness, and this is something that was, an imperative and directive from the Board. A premium is paid on outreach.



Everything that we do aligns with the business plan, which aligns with the statutes. We are mission-oriented and we know what the statute and business plan say

Melissa Pattison, discussed the memorandum (in the board packet) which describes the operations update.

**Human resources.**

- A new staff member Leta Mahabir joined us, October 21st.
- Holly Muir is the new Director of Contracts and Procurement.
- Posted a governance and public relations specialist position.

**MOU between TPI and HHSC.**

**Contract management.** UT Health Intelligence Platform (UTHIP) interagency agreement in place and first invoice processed; McKinsey contract formally closed; ProCom contract remains active through April 2026 with extension possible.

**The University of Texas Health Intelligence Platform (UTHIP)**

The University of Texas System, through the Office of Health Affairs, established the University of Texas Health Intelligence Platform (UT-HIP) as a strategic priority that was approved by the University of Texas System Board of Regents in 2016. UT-HIP is a system-wide program run collaboratively by UT System health institutions known as the UT Health Enterprise drawing on the expertise of UT System leaders in health plan benefits, healthcare, research, business, and information technology to leverage the size and scale and of the UT Health Enterprise to establish data as a systemwide asset.

**VISION**

To serve as a strategic asset across the UT Health Enterprise that unites UT's people, processes, technology, and data into a dynamic health intelligence ecosystem that drives shared learning, operational excellence, and transformative health outcomes through collaboration and innovation.

**MISSION** Our mission is to harness the collective power of the UT Health Enterprise to identify insights, illuminate opportunities, and drive continuous, collaborative improvement.

**STRATEGIC PILLARS**

Theme 1: Empower Collaboration & Shared Learning

Theme 2: Harness Data for Insight & Action

### Theme 3: Governance, Trust & Innovation

TPI continues to monitor and track all assets to ensure accountability and operational efficiency. They stated they are in compliance with all HHSC's inventory and asset tracking and policies.

**Discussion.** No discussion.

#### b. Update and discussion regarding:

- i. TPI financial reports, including un-audited results for the most recent available month, year-to-date expenditures by budgeted category; and
- ii. Review of proposed objects of expense for Fiscal Year 2026; and

Source Reference: General Appropriations Act, HHSC Appropriations, Art. II (89th Reg. Sess.), TPI Budget as Adopted by the Texas Legislature				Comments
	FY 2026	FY 2027		
N. Goal: TEXAS PHARMACEUTICAL INITIATIVE				
N.1.1. Strategy: TEXAS PHARMACEUTICAL INITIATIVE				
Current Method of Finance	\$ UB	\$ UB		"UB" is Unexpended Balance Authority
Full Time Equivalent Positions	General Fund 001 25.6	General Fund 001 25.6		

TPI Expense Categories by Legislative Budget Board (LBB) Object of Expense Codes	Amounts	Comments
Payroll Salary 1001 + Longevity 1002	\$ 1,826,260	
Operating		
Professional Fees and Services 2001	\$15,692,954	
Consumable Supplies 2003	\$543	
Other Operating Expense 2009	\$8,827	
Subtotal Allocated Operating	\$15,702,324	
Subtotal Unallocated Operating (Reference Only)	\$129,470,629	Unallocated Operating is a reference value and not an LBB Object of Expense Code. Unallocated funds will not be spent unless directed by TPI Board or by other legislative directive.
Subtotal Operating 2000	\$ 145,172,953	
Payroll Retirement & Insurance 2000A	\$ 27,174	
Travel 2005	\$ 18,052	
Total Allocated & Unallocated	\$ 147,044,439	
Total Allocated (Planned Expenses)	\$ 17,573,810	
Fund Balance as of September 1, 2025	\$ 147,044,439	



**Taxpayer Impact Statement:** See Tex. Gov't Code §551.043(c)

TPI's gross budget is set forth in the Appropriations Act, 89th Regular session, as enrolled. For this biennium, it is listed as Unexpended Balance (UB). (See Appropriations Act, 88th Regular Session for original appropriation amount.) TPI budget expenditures will be within the UB amounts appropriated.

**Note:**  
**TPI is not a taxing entity.**  
**TPI does not assess taxes, issue tax bills, or collect taxes.**

**No Taxpayer Impact:** Any expenditures from dollars previously allocated by the Appropriations Act do not have an impact on property tax bills in any jurisdiction.

### Financial Results & Projections to Budgeted Amounts

FY 2026	FY Calendar Month		FY Calendar Quarter		Year to Date Expenditures	Projected FY Expenditures (Budgeted, Actual, and Trend)	Object of Expense Budget Amounts
	3	1	November	September- November			
Category & Legislative Budget Board (LBB) Object of Expense Codes	November Expenditures End of Month	Expenditures End of Quarter	Expenditures End of Month	Expenditures End of Quarter	Year to Date Expenditures	Projected FY Expenditures (Budgeted, Actual, and Trend)	Object of Expense Budget Amounts
<b>Payroll Salary 1001 + Longevity 1002</b>	\$ 118,746	\$ 350,887	\$ 350,887	\$ 1,720,582	\$ 1,826,260		
Operating							
Professional Fees and Services 2001	\$0	\$0	\$0	\$11,769,716	\$15,692,954		
Consumable Supplies 2003	\$0	\$15	\$15	\$423	\$543		
Other Operating Expense 2009	\$1,429	\$1,654	\$1,654	\$8,274	\$8,827		
Subtotal Allocated Operating	\$1,429	\$1,669	\$1,669	\$11,778,412	\$15,702,324		
Subtotal Unallocated Operating (Budget Reference Only)							\$129,470,629
<b>Operating 2000</b>	\$ 1,429	\$ 1,669	\$ 1,669	\$ 11,778,412	\$ 145,172,953		
<b>Payroll Retirement &amp; Insurance 2000A</b>	\$ 1,661	\$ 5,045	\$ 5,045	\$ 25,425	\$ 27,174		
<b>Travel 2005</b>	\$ 713	\$ 1,382	\$ 1,382	\$ 14,921	\$ 18,052		
<b>Totals</b>	\$ 122,549	\$ 358,983	\$ 358,983	\$ 13,539,340	\$ 147,044,439		
Check	\$122,549	\$358,983	\$358,983				
<b>FTE Counts, End of Reporting Quarter</b>	Total Positions with Allocated Funds				Personnel Count	Vacancies	Future New Positions
Current Workforce	11.00				7.00	3.00	1.00
Net Change From Prior Quarter	0.00				0.00	0.00	0.00
General Appropriations Act FTE Allocation	25.60						

Unallocated Operating is a reference value to reconcile the budget to legislative appropriations and not an LBB Object of Expense Code. / Current reconciliation with HHSC accounting is underway as of 12/5/25 for any remaining FY 2025 encumbrances and balance transfers from FY 2025 to FY 2026.

November travel reconciliations of HHSC accounting reported travel underway as of 12/3/25.



November 2025  
 FY 2026 3rd Month and 1st Quarter Financial Reports

Tab 5b  
 November Financial Report

	Reporting Month	Reporting Quarter Q1 Sept-Nov	Prior Quarter per Current FY Calendar
<b>Fund Balance</b>			
Original Appropriation 88th Reg Session		\$ 150,000,000	
Starting Fund Balance FY 2026		\$ 147,044,439	
YTD Expenses		\$ (358,983)	
	Fund balances reported quarterly at the end of each FY calendar quarter		Prior quarter fund balances are based on current FY
Encumbrance Adjustments as of 12/3/25		\$ (12,027,124)	
<b>Current Fund Balance</b>		\$ 134,658,332	
Projected FY Expenditures Actual & Budgeted (Not Reflected in Encumbrance Adjustments)		\$ (4,769,625)	
<b>Projected End of Year Fund Balance</b>		\$ 129,888,707	

Encumbrance adjustments are based on face value contract and purchase order values and do not reflect amounts not spent to date. Encumbrances are adjusted on an ongoing basis and following the end of the fiscal year.

Projection basis is budgeted and actual amounts to date with \$3 million allocated for contingency contracts

#### Other Detail & Breakdowns

<b>Budget Adjustments</b>	Reporting Month	Reporting Quarter	
Date & Transaction Summary	N/A	N/A	
		YTD	
Date & Transaction Summary (list all prior)		N/A	
<b>Descriptive Breakdowns</b>	Reporting Month	Reporting Quarter	Prior Quarter
<b>Administrative Expenses</b>	\$ 122,549	\$ 358,983	
<b>Program Expenses</b>	\$ -	\$ -	
Total	\$ 122,549	\$ 358,983	Prior quarter breakdowns are based on current FY
<b>Operating - Contract Expenses</b>			
Contract Detail & Category	N/A	N/A	
Total		\$0	
<b>Operating - Expenses Highlights</b>			
Conference Registration & Certificate Training	Operating expense highlights are aggregated quarterly for Q1 FY 2026 due to small value amounts	\$1,474	Prior quarter breakdowns are based on current FY
All Other Operating Amounts		\$195	
Total		\$1,669	

No contract payments in Q1 FY 2026

"All Other Operating Amounts" is a balance value to enable reconciling to the total Operating expenses

#### Original Business Plan Estimates September 2024

\* Based on 6-year timeframe w/ first 3-year period estimated

(In Millions)	FY 2025	FY 2026	FY 2027	Yearly Average
Administrative Expenses	\$3-\$4	\$3-\$4	\$3-\$4	\$3.5 Million
Program Expenses	\$36-\$38	\$24-\$26	\$70-\$74	\$44.67 Million
Total Expenses	\$39-\$42	\$27-\$30	\$73-\$78	
Fund Balance	\$108-\$111	\$78-\$84	\$0-\$11	

November financial reports (unaudited) were presented, highlighting reconciliation underway with HHSC's accounting. TPI does not manage its own accounting but prepares reports for oversight and legislative use. The budget includes unexpended balance (UB) authority to roll forward funds with the current total budget being \$147M. This is anticipated to increase as FY25 encumbered amounts are reconciled.





TPI is operating well below budget, with major expenses found in contracts and payroll. Only 7 out of 11 budgeted positions are currently filled. Discussion clarified the structure and flexibility of the budget, with significant unallocated funds available for future initiatives or contingencies.

Updated policies for intra-category budget transfers were adopted: executive director can move funds between categories, but any transfer over \$100K requires chair/vice-chair notification and possible pause for board review. All such transactions will be reported to the board.

Quarterly and annual financial reporting to the Legislative Budget Board (LBB) and the governor was authorized, with the board to review reports before submission.

#### **Discussion.**

Clarification was sought on the A&M contract amount NTE \$500,000. Staff stated it was developed after the initial budget development.

Clarification on the challenge of putting contracts in place was sought. Staff laid out the procurement process of HHSC with contract staff and legal reviews. [Procurement and Contract Management Handbook](#). [Procurement Opportunities | Texas Health and Human Services](#).

**MOTION:** related to budget management and reporting prevailed (clarifies existing procedures but written details were not made available to the public; the lengthy motion was read aloud.).

- In summary, the motion delegates authority to the executive director for day to day budget management and reporting.
- Financial reports will be made in open meetings at the beginning of each month.
- Budgetary modifications using HHSC module without board approval.
- If the amount exceeds 100,000 dollars, then the director will notify the chair;
- The executive director will consult with the Board chair or vice chair transfers; alternatives to this process are included.

The motion read: 1. The board delegates its authority under Section 2177.005A12 of the Texas Government Code to the executive director to provide day-to-day management and oversight of TPI's budget.

2. Following the adoption of this motion at the first board meeting after the start of each fiscal year, the executive director shall report to the TPI board the projected budgetary encumbrances for the fiscal year to come.
3. The executive director will continue to present financial reports in a manner consistent with historic presentations to the TPI board during open meetings. However, financial reports are only required at the first meeting of a given month in the event a month contains multiple meetings.
4. The executive director shall have the authority to make budgetary modifications, , example, utilizing HHSC's Budgetary Control Module, that BCM, process without the necessity of prior TPI board approval. However, for any modification utilizing the BCM that transfers funds from one category to another in an amount that exceeds \$100,000, the executive director shall first notify the chair and any vice-chair three business days in advance of the executive director's intention to make the applicable modifications.
5. The board delegates to the TPI chair or vice-chair, if chair is unavailable, the authority to approve or suspend, at the chair's or vice-chair's (if applicable) discretion, the executive director's intention to move funds in excess of \$100,000. However, if the chair or vice-chair, suspends the executive director's intention, the suspended intention shall be presented to the TPI board at the next available TPI board meeting for the TPI board's consideration and action to approve or deny.
6. To the extent that the executive director has made personnel decisions under the August 8, 2024 delegation regarding staff oversight and day-to-day management that have impacted the TPI budget through salary and benefits and to the extent necessary, the board hereby ratifies said decisions and adopts that future actions and decisions that are consistent with the August 8, 2024 and December 11th, 2025 delegation motions are hereby delegated. And to the extent the executive director has been asked by HHSC or otherwise to initiate or approve transfers of funds through the BCM prior to December 11, 2025, the board formally ratifies said action.

**iii. Board direction and approval regarding draft report covering Fiscal Year 2026, First Quarter, to be submitted to the Legislative Budget Board and Office of the Governor by December 30, 2025, pursuant to Senate Bill 1, 89th Regular Session**

The General Appropriations Act, Health and Human Services Commission, Rider 124(c), 89th Reg. Session, requires quarterly reporting to the Legislative Budget Board (LBB) and Office of the Governor. The first quarterly report as of November 30, 2025, is due December 30, 2025. The report will include:



- Cover or Transmittal Letter
- Financial Reports
- Implementation Updates via the Dashboards and Milestones presented to the TPI Board
- Additional Detail on Work Activity, As Needed

Per the General Appropriations Act, the LBB staff prescribed the format for the report and reviewed sample reporting elements and offered feedback. The feedback was or will be incorporated into what will ultimately be submitted. Action by Board Motion to approve of the report as presented or amended and submit to the LBB and the Office of the Governor.

Attachments will include:

- Draft Cover Letter
- Financial Reports
- Additional Detail
- Motion

(Note: The Dashboard and Milestones documents to be presented at the December 11, 2025, TPI Board meeting under Agenda Item #6 will be included as attachments to the LBB Quarterly Report.)

**MOTION.** 1.The board delegate its authority under Section 2177.005A1-2 of the Texas Government Code to the executive director to finalize and submit any and all quarterly reports to the LLB (**LBB**) and Office of the Governor pursuant to 2025 GAAHHSC Rider 124 and

2. following adoption of this motion, the executive director shall provide the proposed draft quarterly report to the TPI board in an open meeting prior to submitting subsequent quarterly reports in accordance with 2025 GAAHHSC Rider 124.

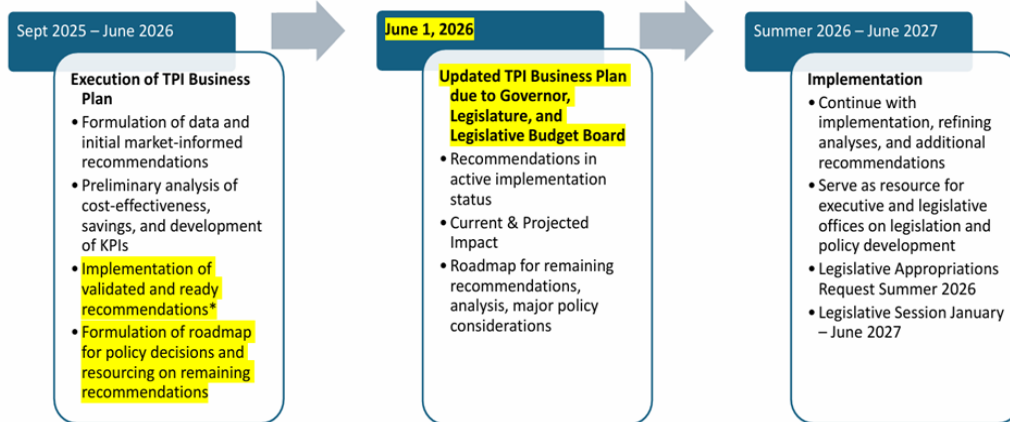
**Discussion.** There was no discussion

**6. TPI staff updates and recommendations on the implementation of the TPI enabling statute, Texas Government Code Chapter 2177, including presentation, possible action and discussion of activity under the TPI Business Plan, Interagency Cooperation Contract(s) (ICC), and federal activities that may impact TPI's statutory mission**

## TPI Sequence of Work, Current - June 2027

Revision Date: December 5, 2025 (Original September 23, 2025, TPI Board Meeting)

*Change Agent, Business Intelligence Source, Strategic Coordinator*

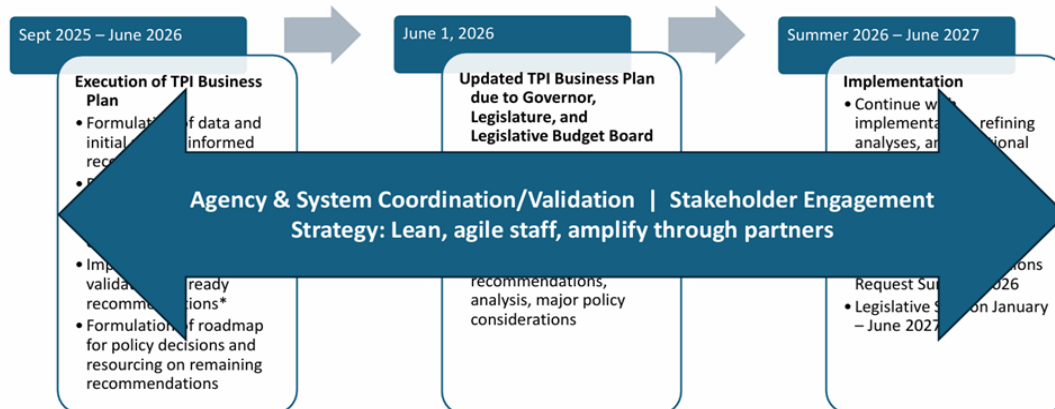


\* Subject to acceptance by plans and programs under fiduciary standards. Validation based on permissibility and diligence.

## TPI Sequence of Work, Current - June 2027

Revision Date: December 5, 2025 (Original September 23, 2025, TPI Board Meeting)

*Change Agent, Business Intelligence Source, Strategic Coordinator*



\* Subject to acceptance by plans and programs under fiduciary standards. Validation based on permissibility and diligence.

## TPI Statute

House Bill 4990, 88<sup>th</sup> Reg. Session & House Bill 4638, 89<sup>th</sup> Reg. Session (Sec. 2177.006)

**Establish procedures and policies, document processes and resources required for the provision of the following:**

- A. Establishing or contracting for statewide pharmacy benefit manager services
- B. Establishing policies and conditions to operate or contract for the operation of a distribution network, central service center, and associated network of satellite distribution facilities to distribute prescription drugs and related medical supplies
- C. Providing advanced pharmaceutical preparation and related services, including:
  - i. Manufacturing generic drugs and generic biological products;
  - ii. Providing gene therapies and precision medicine; and
  - iii. Providing advanced laboratories for quality control, preparation, and compounding of drugs in support of innovative therapeutics and drug research

Provide recommendations on best practices and cost savings using program utilization

## Revised Business Plan

to be submitted no later than June 2026

Statute (from HB 4990)	Business Plan Pillar	New Programs	Wave
A. Establishing or contracting for statewide pharmacy benefit manager services	Pillar 1: Pharmacy Benefits Management (PBM) and Payment	A. Determine an ideal, comprehensive pharmacy benefit solution for State of Texas employee and retiree plans	N/A
B. Establishing policies and conditions to operate or contract for the operation of a distribution network, central service center, and associated network of satellite distribution facilities to distribute prescription drugs and related medical supplies	Pillar 3: Prescription drug distribution	B. Evaluate the opportunities, costs and merits of creating & operating (or contracting for the operation of) a state pharmaceutical distribution system/channel to improve access to prescription drugs for patients and providers in Texas	N/A
C. Providing advanced pharmaceutical preparation and related services, including: <ul style="list-style-type: none"> <li>i. manufacturing generic drugs and generic biological products;</li> <li>ii. providing gene therapies and precision medicine; and</li> <li>iii. providing advanced laboratories for quality control, preparation, and compounding of drugs in support of innovative therapeutics and drug research</li> </ul>	Pillar 2: Manufacturing and advanced therapy access	C. Evaluate the opportunities, costs and merits of each of the following: <ul style="list-style-type: none"> <li>i. State-sponsored or incentivized pharmaceutical manufacturing, including generics and generic biological products</li> <li>ii. Enhancing state-affiliated academic medical centers' ability to provide innovative therapies (e.g. gene therapies and precision medicine)</li> <li>iii. Enabling state-affiliated laboratories to provide support for innovative therapeutics and drug research</li> </ul>	N/A

Analyses and evaluations to run concurrently & all recommendations made by end of FY 2027 \*

The implementation timeline has shifted from a six-year to a two-year plan due to legislative changes, with focus on actionable recommendations and a revised business plan due June 1, 2026. Implementation is organized around three core programs:

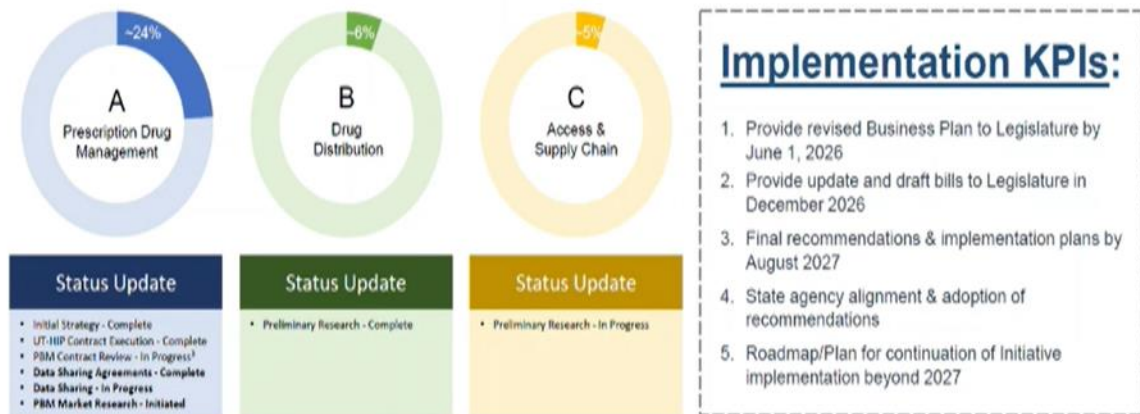


prescription drug management (Program A), drug distribution (Program B), and access/supply chain/manufacturing innovation (Program C).

## Program Dashboard.

Implementation Status of Programs A, B & C<sup>1</sup>

Post June 2025 transition from six to two-year implementation timeline, HB 4638, 89<sup>th</sup> Reg Sess.



UPCOMING MILESTONES			
Program Milestones		Expected Timing	
A.7. Data Sharing, Loading & Testing		Dec 2025	
A.8. Base Descriptive Analytics		Jan - Feb 2026	
B.2. Agency Drug Utilization Analysis		Jan 2026	
B.3. Agency Pharmacy Use Analysis		Jan 2026	
B.4. TX Dispensing Pharmacy Analysis		Feb 2026	
B.5. State Lab/QC Capability Analysis		Feb 2026	
B.6. Agency Rx Source Analysis		Mar 2026	
C.2. Shortage Risk Analysis		Mar 2026	

1. Estimated progress percentages are calculated by dividing number of completed or partially completed Milestones by number of total Milestones for each program, as of October 2025  
 2. Does not include early stage completed work  
 3. UT contract sharing is pending due to ongoing RFP and mutual agreement

Since the last official update in June, TPI completed execution of its inter-agency agreement with UT Health Intelligence Platform, or UT HIP, and that contract was signed on July 9th. The staffing of analytics, clinical, and supply chain experts began shortly thereafter. With the official engagement of UT HIP, they were able to continue the contract review, comparison, and analysis efforts. While TPI and UT HIP have been able to review three out of the four agency and system PBM contracts, completion of this milestone can't fully occur until the fourth contract belonging to UT Office of Employee Benefits is provided. That is currently pending (ongoing) contract negotiation activity. ,

Sharing of pharmacy claims data is a critical milestone necessary for the implementation of each of TPI's programs. However, it could not begin until data sharing agreements between the state agency and system health plans and UT HIP were executed. In October, the requisite agreements were executed, and the sharing of



pharmacy claims data is now underway and expected to be complete before the end of the year. This will allow data analytics to begin in January and February of next year.

Market research in support of Program A, looking at the various PBMs and other vendors in the industry is also underway, with additional activity planned throughout the year.

Program B, is about evaluating the opportunities, the costs, and the benefits of creating and operating or contracting for the operation of a state pharmaceutical distribution system. This would be designed to improve access to prescription drugs. TPI estimates that they're about 6% complete. This is largely driven by preliminary research conducted by TPI, including meetings with wholesalers, distributors, retail pharmacies, and specialty pharmacies, through which we've gained valuable insights that will inform future steps. Immediate next steps for this program include analyses of drugs and pharmacies utilized under the agency and system health plans, which are expected to begin early next year.

The third and final program is Program C, which is the Access and Supply Chain program. This one addresses the evaluation of opportunities within Texas for pharmaceutical manufacturing and support for innovative therapeutics. This is approximately 5% completed. Activity has largely centered on preliminary research, specifically discussions that are currently underway with Texas A&M College of Pharmacy. They have participated in tours of their manufacturing and lab facilities. Next steps on Program C include an analysis of shortage risks for drugs utilized under the state agency and system health plans, a broad analysis of state manufacturing assets and capabilities, and a state cell and gene therapy capability analysis. All of these are targeted for the first half of next year.

Staff commented on tabs 6C, 6D, and 6E in the board book. These items were not shared with the public.

TPI has completed initial reviews of the three agency and system health plan PBM contracts that are in their possession. UT HIP has documented preliminary findings.

TPI has met with each agency individually to discuss their respective findings, as well as collaboratively discussing the findings as a group. The discussions to date have been insightful, but the real insights will come from the data analytics when they will be able





to match contract interpretations and expectations with observed patterns of drug utilization and cost.

The data sharing agreements were executed, and they are working to enable sharing of agency and system data. Receipt of pharmacy claims data is expected by the end of the year. The data analytics themselves will begin early next year just as soon as data has been loaded and validated by UT HIP.

The first set of analytics will be a baseline analysis providing a full picture of current agency and system health plan demographics, drug- drug utilization and spend. Subsequent analytics will build upon that, ultimately leading to recommendations for action. TPI expects to be in a position to begin briefings sometime in the first half of next year. Subject to TPI board approval, preliminary findings will be included in the June 1st, 2026 update to the legislature with refinements, recommendations, and implementation plans to follow.

TPI lost about 45 days in the timeline due to contracting, but UT HIP has plans to make that up. Preparations for data sharing have been running very smoothly, and data analyses will run concurrently wherever possible to ensure that all deliverables will be achieved.

TPI intends to be a source of intelligence for the State of Texas with regard to the PBM market and the pharmaceutical supply chain. As such, in partnership with UT HIP, TPI has begun a project to catalog existing PBMs, identify all unique and emerging models and alternative PBM solutions, and catalogue available providers of PBM service components. Next year, additional market research focusing on pharmacies, drug distributors, group purchasing organizations, manufacturers, and other critical components of the pharmaceutical supply chain will be conducted. This market research will provide TPI with intelligence and ultimately help shape TPI recommendations.

In summary, the dashboard tracks progress and milestones for each program and key performance indicators (KPIs) are being used to measure success. In summary, data sharing agreements for pharmacy claims have been executed; analytics are set to begin as soon as data is fully received and validated. Contract reviews of the three available PBM contracts are complete; a fourth is pending the UT System agreement.



## **Discussion**

Does HHSC have rules related to RFI? Staff answered in the affirmative and that it was a much simpler process. Keeping responders from disqualifying themselves for the next step is important.

Health and human services has detailed policies related to RFI. An RFI does not mean that their will be a subsequent RFP or contract.

We agree we should be deeper into contracting. Were other approaches researched other than RFI? Staff answered in the affirmative stating that approaches include market research, surveys and RFIs. Staff stated this provides a step that the legislature can see. This is not an indication that a procurement is coming.

Who will we elicit responses from? Staff stated that RFIs are voluntary, and anyone can respond. You get interesting results.

How long will the RFI take. Staff answered within 60 days. It has to be posted for 30 days.

A pilot was considered and would still have to be developed. A plan would have to be submitted and then a period of implementation.

Staff had prepared a recommendation to collect information to support business intelligence and strategic coordination. There are many different ways to get information and our partners at UT have already started on market surveys looking at data that's available publicly or through proprietary databases and putting together a framework of what does the market do and what are they capable of. They propose an RFI, a request for information. This is not by default a signal that there is or will be a procurement coming but a request for information is simply TPI starting to turn over rocks, putting together a good business case. They requested a motion for the pursuit of an RFI. The RFI will be publicly posted, open to all interested parties, and responses will be public record. Questions focus on operational capabilities, contract experience, and distribution strategies.

Legal and procurement staff affirmed that RFI process and language will minimize risk of disqualifying future respondents and align with HHSC policy.



The board approved a motion authorizing the executive director to pursue terms and conditions, including a plan for a direct contracting pilot, with a timeline for consultation and presentation in early 2026.

**MOTION:** Board instruct the executive Director to pursue a plan for implementation of a pilot prevailed.

## **7. Presentation regarding an ICC between TPI (receiving agency) and the Texas A&M University System (performing agency) including:**

### ***a. Discussion of proposed terms and b. Delegation of authority regarding finalization and execution of ICC to executive director***

There was a presentation of a planned inter-agency contract between TPI and Texas A&M University System, building on previous work with UT System. The focus has been narrowed to two main areas: provision of ad-hoc clinician expertise (to support UT HIP clinical advisory teams) and consultative/analytic services to assess generic drug quality issues impacting health plans.

The initial step is a high-level risk assessment, not lab testing, with data shared at an aggregate (not raw/claims—UTHIP contract covers this) level in accordance with existing agreements. A budget cap was set at \$500,000 across contracts, with no single contract exceeding \$250,000. The emphasis is on deliverables-based payment, project management, budget controls, and coordinated data sharing to avoid duplication of effort.

Motion to delegate contract negotiation authority to executive director was made, seconded, and approved by roll call.

**MOTION:** Board delegate authority to the executive director to enter into negotiations at the executive director's reasonable discretion with Texas A&M University system with the intent to set final terms and conditions for an agreement to utilize pharmaceutical and other related assets available by and through Texas A&M University system as may be necessary to further support the implementation of the business plan or the existing agreement between UT HIP and TPI or both.



Further, the executive director's aforementioned delegation is limited to contracting for the following services: ad hoc clinical subject matter expertise and consultative services and contribution to TPI's clinical work teams as needed, and the consultative and analytic services to determine the extent to which generic drug quality issues may be impacting state agency and system health plans cost and access to effective medications.

Further, the executive director under the aforementioned delegation is authorized to negotiate final budget amounts pursuant to the following conditions:

- A. the gross budget amount for the contracts may not exceed \$500,000 and
- B. should there be multiple contracts under this delegation and individual contracts, the budget amount shall not exceed \$250,000.

Should any of the proposed final terms and conditions be inconsistent with the aforementioned delegation, the executive director will present to the TPI board at a subsequent time for the board's consideration and action.

Further to facilitate this delegated authority, the executive director may coordinate with other agencies and systems and utilize TPI staff to assist and facilitate this delegated authority as necessary.

The motion prevailed.

**8. TPI Advisory Council (TPIAC) members and other covered agency representatives have been invited to advise and engage in discussions with the TPI Board on matters and activities (see Texas Government Code, Section 2177.008, in general):**

- a. Pertaining to the implementation of the TPI Business Plan
- b. Updates on member and covered agencies' activities pertinent to procurement and/or management of pharmaceuticals
- c. On carrying out the duties imposed on the TPI Board
- d. TPIAC open meetings in accordance with the TPI Bylaws tentatively scheduled for March 25, 2026, and March 30, 2026, for discussion of any change in strategic objectives of the TPI Business Plan

No members were present or online. No comments were made by the advisory council.



The director addressed the upcoming meeting dates, stating that the agencies and systems have been working with us through the process. When it comes to big picture strategy going forward, when the council meets, we have to start off with a series of meetings addressing the strategy going forward past 2026. These staging meetings will be critical to advise the Board. Addressing future strategies is the long term focus but that must start early.

### **9. Overview of external stakeholders input process on the implementation of the TPI Business Plan.**

Having outreach is an imperative. We need to start staging a series of meetings to develop an understanding of a common narrative. We have to develop a process for stakeholder engagement. They have reached out to pharmacies, and others. The communication cadence must be established. At this meeting they are restricted to three minutes but at stakeholder meetings they will have more input, and attendees will be across the state.

### ***Agenda item 10 and 11 were tabled***

~~**10. Closed session.** The TPI Board may enter closed session under one or more provisions of the Texas Open Meetings Act, Texas Government Code, Chapter 551, including, but not limited to, Sections:~~

~~551.071, related to consultation with and advice from its attorney~~

~~551.074, related to personnel matters~~

### ~~**11. Discussion and possible action items from closed session.**~~

~~(If TPI Board goes into closed session, the presiding member may attest to truth and accuracy of Certified Agenda)~~

**12. Public comment.** No public comment was offered.

### **13. Review of action items from the current meeting and discussion of agenda items for future meetings and important**

### **Future Meeting Dates**



#### **Fiscal Year 2026**

- February 18, 8:00 – 5:00, WINTERS 125 (Contingency Board or Advisory Council)
- February 24, 8:00 – 5:00, WINTERS 125 (Contingency Board or Advisory Council)
- **March 18, 8:00 – 5:00, WINTERS 125 (Regular Quarterly Board Meeting)**
- March 25, 8:00 – 5:00, WINTERS 125 (Tentative Advisory Council; Special Board meeting for emerging/unfinished business, if needed)
- March 30, 8:00 – 5:00, WINTERS 125 (Tentative Advisory Council; Special Board meeting for emerging/unfinished business, if needed)
- April 23, 8:00 – 5:00, WINTERS 125 (Special Board meeting for emerging/unfinished business, if needed to meet June 1, 2026, legislative deadline)
- May 20, 8:00 – 5:00, WINTERS 125 (Likely special Board meeting needed to meet June 1, 2026, legislative deadline)
- **June 17, 8:00 – 5:00, WINTERS 125 (Regular Quarterly Board Meeting)**
- August 26, 8:00 – 5:00, BERNSTEIN BUILDING K-100 (Contingency Board or Advisory Council)

#### **Fiscal Year 2027**

- **September 16, 8:00 – 5:00, WINTERS 125 (Regular Quarterly Board Meeting)**

#### **Action Items from the meeting**

- Extension of the Procom contract consideration
- Policy for procurement
- Federal issue updates as issues change with annotation of source
- Discussion of subcommittee formation

**14. Adjourn.** There being no further business, the meeting was adjourned.



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