



TEXAS Pharmacy Association

Together Pharmacy Advances

December 4, 2025

Cecile Erwin Young
Executive Commissioner
Texas Health and Human Services Commission
4601 W. Guadalupe St.
Austin, TX 78751-3146

Dear Commissioner Young:

On behalf of the Texas Pharmacy Association (TPA), thank you for the opportunity to comment on the draft amendment to 1 Tex. Admin. Code §353.915, relating to Access to Network Pharmacies under the Texas Medicaid program. We respectfully submit the following informal comments.

Summary

Thank you for the opportunity to comment on the informal proposed policy change. We must express substantial concern regarding its potential impact. Given the well-documented needs of Medicaid populations, particularly those managing non-medical drivers of health, uninterrupted access to providers is essential. The proposal, as drafted, could inadvertently restrict this access and lead to higher long-term costs of care. We strongly recommend a comprehensive discussion before the rule advances.

When the network adequacy framework for Texas Medicaid was originally developed, the apparent intent was to align with Centers for Medicare & Medicaid Services (CMS) standards ([eCFR :: 42 CFR 423.120 -- Access to covered Part D drugs](#)). CMS standards are similar to the original but a substantial deviation in the proposed changes which place Texas communities—particularly vulnerable and rural populations—at heightened risk. At minimum, Texas Medicaid should maintain parity with, or exceed, CMS standards.

This draft rule reduces the expectations placed on managed care organizations (MCOs) at a time when HHSC's own reports reflect worsening network compliance and rising total cost of care in submitted Financial Statistical Reports (FSRs). Instead, MCOs should be increasing their efforts to enroll Texas pharmacies to improve their members' access to health care in every county, and maintain fidelity to their contractual expectations.

Since October 2023, the Texas State Board of Pharmacy reports 326 fewer licensed community pharmacies in the state¹. We are concerned that the proposed changes will result in more stores closing or, at minimum, fewer pharmacies serving Medicaid customers.

We respectfully request HHSC not move forward with proposing pharmacy access changes and meet with TPA and other Texas pharmacy organizations to communicate the intent of the project and share the data supporting the proposed changes. TPA would like to collaborate with agency staff on better alternatives to improve members' access to quality health care, increase MCOs' compliance with network adequacy requirements, and reduce long-term Medicaid expenditures. Simply put, TPA does not understand the proposed policy benefit of arbitrarily lowering network adequacy standards for pharmacies, but we are willing to engage with HHSC to discuss potential challenges facing pharmacies who wish to participate in the Medicaid program in order to serve patients in their communities.

Comparison to Existing Standards and Proposed Changes

The following table compares the current network pharmacy standards under the current Uniform Managed Care Manual and the draft rule.

County Population Category	Minimum Standard	STAR STAR+PLUS STAR Health STAR Kids			STAR MRSA STAR+PLUS MRSA STAR Kids MRSA CHIP		
		Current	Proposed	% Change	Current	Proposed	% Change
Metro	Percent of Members	80%	80%		75%	75%	
	Time Standard (minutes)	5	10	100%	5	10	100%
	Distance Standard (miles)	2	5	150%	2	5	150%
Micro	Percent of Members	75%	75%		55%	55%	
	Time Standard (minutes)	10	25	150%	10	25	150%
	Distance Standard (miles)	5	15	200%	5	15	200%
Rural	Percent of Members	90%	90%		90%	90%	
	Time Standard (minutes)	25	30	20%	25	30	20%
	Distance Standard (miles)	15	20	33%	15	20	33%
24 Hour Pharmacy	90% of members must have access to a 24-hour pharmacy within 90 minutes and 75 miles						

Source: Access to Network Providers - Performance Standards and Specifications, HHSC Uniform Managed Care Manual, Chapter 5.28.1, Effective May 16, 2022, Version 2.2

The proposed draft rules would weaken the current requirements by allowing 100% to 200% more distance and time for members to travel to a single pharmacy in metro and micro counties and 20% to 33% more in rural counties. This is an extreme departure from CMS, commercial insurance, and Medicare Advantage expectations. Such a change is not only extraordinary, it is perilous. Members may face substantial delays in obtaining medications and basic health care

¹ TX State Board of Pharmacy, [pharmacy.texas.gov, Pharmacy Lists](https://pharmacy.texas.gov/Pharmacy-Lists), downloaded October 2023 reported 5,120 active community pharmacies; the list as of December 2, 2025 reports 4,794 active community pharmacies.

support, running counter to both state and national conversations about strengthening rural care infrastructure.

1115 Waiver Monitoring Report Findings

These proposed changes do not appear to be consistent with the 1115 waiver, as described in the monitoring report. In the Section 1115 Waiver Monitoring Report, the majority of MCOs demonstrate compliance across most provider categories; however, pharmacy access measures consistently exhibit significantly higher rates of noncompliance. Moreover, these deficiencies have intensified year over year, indicating a concerning and worsening trend.

Medicaid Section 1115 Monitoring Report
Texas Healthcare Transformation and Quality Improvement Program
Demonstration Year DY12: October 1, 2022 – September 30, 2023
State Fiscal Year FY23: September 1, 2022 – August 31, 2023

		Metro County	Micro County	Rural County
Acute Care Hospital	STAR	3	7	14
	STAR+PLUS	1	4	4
	STAR Kids	1	5	6
Audiologist	STAR	8	8	7
	STAR+PLUS	2	4	4
	STAR Kids	3	3	5
Behavioral Health – Outpatient	STAR	0	0	0
	STAR+PLUS	0	0	0
	STAR Kids	0	0	0
Cardiovascular Disease	STAR	1	3	0
	STAR+PLUS	0	0	0
	STAR Kids	1	0	0
ENT (Otolaryngology)	STAR	0	2	1
	STAR+PLUS	0	1	1
	STAR Kids	0	0	2
General Surgeon	STAR	0	2	0
	STAR+PLUS	0	1	0
	STAR Kids	0	1	0
Mental Health Targeted Case Management (TCM) and Mental Health Rehabilitative Services (MHR)	STAR	11	14	8
	STAR+PLUS	4	4	4
	STAR Kids	6	9	5
Nursing Facility	STAR+PLUS	0	0	0
OB/GYN	STAR	0	0	0
	STAR+PLUS	0	0	0
	STAR Kids	0	0	0
Ophthalmologist	STAR	2	3	1
	STAR+PLUS	0	1	1
	STAR Kids	2	3	1
Orthopedist	STAR	0	4	0
	STAR+PLUS	0	2	0
	STAR Kids	0	4	1
Pediatric Sub-Specialty	STAR	0	0	0
(The standard requires access to one provider)	STAR Kids	0	0	0
Pharmacy	STAR	14	12	2
	STAR+PLUS	3	4	1

Attachment H-2 of the same 1115 Monitoring Report further highlights this discrepancy. Across most measures, the majority of MCOs appear compliant (black font). However, pharmacy access measures show large portions of red font, signaling significant noncompliance. This stark contrast indicates a systemic issue and underscores why relaxing network adequacy standards would be profoundly inappropriate.

Legislative Direction: Texas 84th Legislature (SB 760)

The 84th Legislature overwhelmingly passed SB 760 to strengthen network adequacy requirements and ensure enforcement—including liquidated damages for noncompliance. Instead of upholding this legislative intent, the proposed revisions appear to lower the bar for MCOs unwilling to meet current standards.

Notably, when reviewing the *HHSC Medicaid Managed Care Provider Network Adequacy Report (December 2024)*, most MCOs meet or approach the pharmacy access standards within the same service areas.

Lowering standards to accommodate underperforming MCOs may negatively—and unnecessarily—impact the majority of Texans served by plans that are currently meeting expectations.

Senate Bill 760 provides HHSC with authority to impose liquidated damages and enhanced oversight for network inadequacy.

We respectfully request:

- Clear and publicly available oversight documentation,
- Regular reporting on MCO corrective action plans (CAPs), and
- Assurance that the proposed rule changes do not inadvertently reward poor performance or disadvantage Texans, via results of data analytics and geomapping.

Impact on the Number of Texas Community Pharmacies

There are fewer pharmacies operating in Texas today. According to Texas State Board of Pharmacy data, there are 326 fewer community pharmacies today than in October 2023. There are 4,794 active community pharmacies today, down from 5,120 two years ago.

That reduction is primarily due to increasingly inadequate reimbursement from PBMs, especially the exceedingly low professional dispensing fee. The PBMs that subcontract with Texas health plans, even regional plans, are national PBMs that have implemented ever lower reimbursement rates across all their lines of business. Their inadequate reimbursement has resulted in fewer pharmacies and is the root cause of health plans' inability to comply with the state's network adequacy standards.

A [2019 study](#)² on the impact of store closures revealed an immediate reduction of almost 6% in cardiovascular medication adherence for older patients of closed stores, and the decreased rate persisted 12 months later. The drop in adherence was nearly 8% for patients of closed independent pharmacies and in communities with few pharmacies.

HHSC has no responsibility regarding PBMs' other lines of business but has direct responsibility regarding PBMs serving Texans enrolled in Medicaid and CHIP. **Loosening the network adequacy standards fails to address the root cause of the problem and, instead, rewards the entities responsible for the problem.** Loosening these network adequacy standards serves as the state's tacit endorsement of inadequate reimbursement and will result in more Texas pharmacies having no choice but to stop serving Medicaid members or close their stores.

² Qato DM, Alexander GC, Chakraborty A, Guadamuz JS, Jackson JW. Association Between Pharmacy Closures and Adherence to Cardiovascular Medications Among Older US Adults. *JAMA Netw Open*. 2019 Apr 5;2(4):e192606. doi: 10.1001/jamanetworkopen.2019.2606.

Impact on Rural Texas

Pharmacies across Texas—including many in rural areas—recently engaged with HHSC through the federal Rural Health Transformation Program to expand access to care. The proposed rule undermines these efforts by allowing significantly longer travel times for rural residents to access care, further widening disparities. A Texan's ZIP code should not determine the level of access to medications and health outcomes.

Request for Dialogue and Collaboration

The draft rules raise significant concerns about the intent and expected impact of these changes. Given the wide variation in MCO performance—within identical geographic regions—TPA strongly encourages a transparent dialogue on the root causes of noncompliance, the status of corrective action plans, and the strategies HHSC will employ to enforce and improve pharmacy access.

Pharmacies are the front door to the health care system for millions of Texans. We are eager to collaborate with HHSC leadership to strengthen access, improve accountability, and align Medicaid pharmacy services with the high standards Texans deserve. To support this work, we also request consideration for pharmacy representation on the HHSC Managed Care Advisory Committee.

Closing

Thank you for the opportunity to provide these comments. We deeply value the partnership between HHSC and the pharmacy community and remain committed to working together to ensure Texas Medicaid beneficiaries receive timely, equitable, and dependable access to prescription drug services. We respectfully request that HHSC reconsider the proposed network adequacy revisions and work collaboratively with stakeholders to pursue solutions that strengthen—rather than weaken—access to care.

We appreciate your leadership and look forward to continued engagement on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "RoxAnn Dominguez".

RoxAnn Dominguez, Pharm.D.
Chief Executive Officer

References

[Medicaid Managed Care Provider Network Adequacy Report](#)

[1115 Waiver Monitoring Report SFY23 Q4 Annual V1](#)