



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 1236** HLS 26RS 3067
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **HB 866**

Date: April 15, 2026	1:36 PM	Author: DEWITT
Dept./Agy.: Insurance		
Subject: Pharmacy benefit managers reimbursements		Analyst: Cristian Nedelea

INSURANCE EG INCREASE SG EX See Note Page 1 of 2
 Provides relative to pharmacy benefit managers reimbursements

Present law prohibits pharmacy benefit managers (PBMs) from reimbursing a contracted or local pharmacy or pharmacists an amount less than the acquisition cost for the covered drug, device, or service. Proposed law retains present law, amends definition of acquisition cost, and adds the term professional dispensing fee. Proposed law provides additional reimbursement guidelines for PBMs for claims submitted by any local pharmacy to a PBM administering claims on behalf of a health plan but retains present law exception to the PBM reimbursement requirements for the Office of Group Benefits (OGB). Proposed law requires PBMs to adopt a reimbursement formula using a professional dispensing fee that is no less than the dispensing fee established by the Louisiana Department of Health (LDH) for the Medicaid program. Proposed law retains present law relative to appeals process for pharmacists to challenge claim payment errors. Proposed law prohibits PBMs from amending or changing the amount a prescription drug consumer must pay for an out-of-pocket cost share or expense. Proposed law requires PBMs to bear all costs associated with the reimbursement of professional dispensing fees. Proposed law authorizes the commissioner to require submission of claims-level data, including but not limited to reimbursement amounts, dispensing fees, and any adjustments for the purpose of verifying compliance with proposed law.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$2,265,844	\$2,262,014	\$2,352,495	\$2,446,595	\$2,544,458	\$11,871,406
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$2,265,844	\$2,262,014	\$2,352,495	\$2,446,595	\$2,544,458	\$11,871,406

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase SGR expenditures within the Louisiana Department of Insurance (LDI) by \$2.3 M in FY 27, with costs increasing in future fiscal years. This increase is associated with the creation of a pharmacy benefit manager (PBM) enforcement section within the LDI's Office of Health, Life, and Annuity in order to expand the department's regulatory oversight of PBM activities and ensure adherence to the legislation's requirements. The LDI reports it will need to add six (6) T.O. positions, including one (1) Pharmacist Chief Compliance Officer T.O. position, one (1) Pharmacist Compliance Officer T.O. position, one (1) Insurance Supervisor T.O. position, two (2) Insurance Specialist 4 T.O. positions, and one (1) Attorney 4 T.O. position, along with associated operating and professional services expenses and one-time equipment cost.
Note: Increased SGR expenditures within LDI results in less monies reverted to SGF at the end of the fiscal year.

NOTE: The LFO is unable to corroborate the estimated staffing level, operating expenses, and equipment costs projected by LDI. While the LFO acknowledges that proposed law will result in increased workload for LDI and create an audit and enforcement duty regarding PBMs, to the extent the required staffing levels may be lower or higher, corresponding operating costs would shift accordingly. To the extent that a portion of the prescribed duties can be absorbed by existing staff and budgetary resources, a portion of the projected costs may be mitigated. Should additional information regarding estimated expenditures become available, this fiscal note will be updated.

Personnel Services (\$926,312 SGR):

LDI anticipates that personnel services expenditures will total \$926,312, including \$629,221 in salaries and \$297,091 in related benefits, for FY 27 and increasing by 4% per year in subsequent fiscal years. This cost is associated with the addition of six (6) T.O. positions for the creation of a PBM enforcement section.

Operating Expenses (\$36,702 SGR):

LDI anticipates operating expenses of \$36,702 in FY 27, including \$3,864 in office supplies and \$32,838 in operating services (postage: \$822; telephone/data ports: \$2,124; printing: \$600; equipment maintenance: \$3,084; security: \$6,570; risk management: \$8,280; civil service: \$2,382; UPS: \$336; and software licenses: 8,640). These operating expenses are projected to increase by 4% annually beginning in FY 28.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law is anticipated to have an indeterminable impact on Statutory Dedication revenue within LDI. The agency indicates that any fines or penalties collected pursuant to the proposed law are indeterminable. The LFO assumes fines will be deposited into the Pharmacy Benefits Manager Enforcement Fund in accordance with La R.S. 22:1870.1, and used first to provide for the expenses of the commissioner of insurance and the attorney general.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

Page 2 of 2

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Professional Services (\$1,287,360 SGR):

LDI anticipates professional service expenses of \$1.3 M in FY 27, including one-time computer programming cost of \$75,360 (628 hours x \$120 per hour) for the development of a submission portal to support intake, review, communication search, notifications, and internal documentation functions, plus \$12,000 per year ongoing maintenance costs (100 hours annually at \$120 per hour). Additionally, an Accounting and Auditing Examinations contract of \$1.2 M per year is needed for transparency audits into the pharmacy supply chain and to provide specialized expertise to review complex PBM financial and pricing arrangements beyond LDI's internal capacity. A 4% growth factor is applied to these costs in subsequent fiscal years.

Equipment Costs (\$15,470 SGR):

LDI further estimates the purchase of one-time equipment costs of \$15,470 in FY 27, including desks (\$3,100), chairs (\$1,900), personal computers/printers (\$9,000), and file cabinets (\$1,470). These costs are not anticipated to recur in subsequent fiscal years.

EXPENDITURES

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Personnel Services					
Six (6) T.O. Positions	\$926,312	\$963,364	\$1,001,899	\$1,041,975	\$1,083,654
Operating Expenses	\$36,702	\$38,170	\$39,697	\$41,285	\$42,936
Professional Services	\$1,287,360	\$1,260,480	\$1,310,899	\$1,363,335	\$1,417,868
Equipment	\$15,470	\$0	\$0	\$0	\$0
Total Expenditures	\$2,265,844	\$2,262,014	\$2,352,495	\$2,446,595	\$2,544,458
T.O.	6	6	6	6	6

NOTE: To the degree that violations are issued and fines levied against any entity under the provisions of proposed law, deposits into the Statutorily Dedicated Pharmacy Benefits Manager Enforcement Fund may allow the department to offset cost exposure against agency SGR. The LFO assumes revenues derived from fines would not be sufficient to completely offset costs estimated by LDI.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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