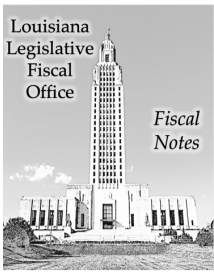


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 264** HLS 25RS 72

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ SEN COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 6, 2025	12:23 PM	Author: ECHOLS
Dept./Agy.: Insurance		Analyst: Anthony Shamis
Subject: Pharmacy Benefit Manager transparency and compensation		

INSURANCE/HEALTH

RE1 +\$90,000 SG EX See Note

Page 1 of 1

Provides for transparency and compensation practices relative to pharmacy benefit managers

Proposed law prohibits a Pharmacy Benefit Manager (PBM) from conducting or participating in spread pricing and patient steering in Louisiana, as well as using effective rate pricing for a local pharmacy. Proposed law prohibits PBMS (or a person acting on their behalf) from reimbursing a pharmacy or pharmacist an amount less than the acquisition cost for the covered drug, device or service (applicable to contracted pharmacist or local pharmacy). Effective January 1, 2026, PBMs shall adopt a reimbursement formula using either NADAC as a prescription drug pricing benchmark, or an alternative pricing benchmark (approved by the Commissioner of Insurance (Commissioner)). Additionally, PBMs are required to adopt an appeals process for pharmacists to challenge claim payment errors. Proposed law requires PBMs to pass all manufacturer rebates through to the plan sponsor and disclose in writing PBM management fees. PBMs are required to certify under oath on or before December thirty-first of each year to the Commissioner that they are in compliance with provisions of this law. Proposed law allows the Commissioner to review the compensation programs of PBMs to ensure that the reimbursement for drugs, devices, and services are fair and reasonable. Proposed law requires PBMs to submit an annual transparency report on March first of each year as a condition of maintain licensure. The transparency report will be published on LDI's website within 60 days of receipt. The Commissioner may examine the books/records of a PBM to determine the accuracy of the transparency report. Proposed law modifies composition of the Pharmacy Benefit Monitoring Advisory Council. Enforcement of proposed law is effective on January 1, 2027.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$450,000
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	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$450,000

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase professional services contract expenditures by \$90,000 within the LA Department of Insurance (LDI) in FY 26, associated with the examination of PBM rebate transparency reports for accuracy, as well as review and approval of a PBM's compensation program to ensure that reimbursement for drugs, devices, and services paid to a pharmacist or pharmacy is fair and reasonable.

Information provided by LDI indicates that review and approval of PBM compensation programs is a new function, and that they do not have adequate staff or technical knowledge to perform the reviews within their current structure. Based on discussions between LDI and contractors doing similar work, they can implement a process to review several agreements between PBMs and health plans, pharmacies, and Pharmacy Services Administrative Organizations (PSAOs) each year through a contract and will not require additional staff.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
Deputy Fiscal Officer