

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 264

2025 Regular Session

Echols

INSURANCE/HEALTH: Provides for transparency and compensation practices relative to pharmacy benefit managers

Synopsis of Senate Amendments	
1.	Modifies and adds definitions.
2.	Removes the exception to the prohibition on spread pricing.
3.	Prohibits the use of effective rate pricing for a local pharmacy and establishes requirements for reimbursement of claims submitted by a local pharmacy, including a reimbursement formula and appeals process.
4.	Expands the applicability of the prohibition against reimbursements less than the acquisition cost of a covered drug, device, or service.
5.	Authorizes the commissioner of insurance (commissioner) to review a compensation program to ensure reasonableness and fairness.
6.	Amends and expands the information required to be in the annual transparency report. Provides for confidentiality and limited disclosure of confidential information submitted to the commissioner.
7.	Authorizes the commissioner to determine the accuracy of the transparency report and to access any information needed to verify a report, including payments between insurers, pharmacy benefit managers (PBMs), and pharmacies.
8.	Authorizes a PBM to negotiate rebates but prohibits retention of any portion by the PBM.
9.	Specifies that the PBM monitoring advisory council is domiciled within the Dept. of Insurance. Decreases the number of members on the council.
10.	Removes the exception to the prohibition on patient steering.
11.	Allows a PBM to implement a copay assistance benefit plan.
12.	Creates a PBM Enforcement Fund to receive penalties and settlements to cover enforcement costs.
13.	Requires pharmaceutical drug manufacturers to notify the commissioner within 30 days of certain drug increases.
14.	Makes <u>proposed law</u> effective upon signature of the governor.
15.	Requires enforcement of certain <u>proposed law</u> provisions on Jan. 1, 2027.
16.	Makes technical changes.

Digest of Bill as Finally Passed by Senate

Present law defines "aggregate retained rebate percentage", "health benefit plan", "health insurance issuer", and "rebates".

Proposed law repeals present law and defines the following terms: "effective rate pricing", "health benefit plan", "health insurance issuer", "local pharmacy", "maximum allowable cost list", "NDC", "pharmacist", "pharmacist services", "pharmacy", "pharmacy benefit manager", "pharmacy benefits plan", "rebates", "specialty drug", and "spread pricing".

Present law prohibits a PBM from conducting or participating in spread pricing unless the PBM provides written notice to the policyholder.

Proposed law repeals the exception for when written notice is provided to completely prohibit a PBM from participating in spread pricing. Further prohibits a PBM from using effective rate pricing for a local pharmacy.

Present law prohibits a PBM or person acting on behalf of a PBM from reimbursing a pharmacy or pharmacist in an amount less than the acquisition cost for the covered drug, device, or service, provided the contracted pharmacist or pharmacy does not own more than 5 shares or a 5% interest in a pharmaceutical wholesale group purchasing organization or vendor of any covered drug, device, or service.

Proposed law retains present law but widens the applicability to reimbursement for any contracted pharmacist or local pharmacy.

Proposed law requires a PBM to meet certain requirements, including but not limited to a reimbursement formula and appeals process, for reimbursement of claims submitted by any local pharmacy to a PBM administering claims on behalf of a health plan, except for the office of group benefits. Further defines "acquisition cost", "adjustment", "claim payment error", and "reimbursement formula".

Proposed law authorizes the commissioner to review the compensation program of a PBM or person acting on behalf of a PBM to ensure that reimbursements are fair and reasonable. Further provides that information submitted by a PBM and specifically identified by the PBM as confidential is not subject to disclosure. Authorizes the commissioner to disclose confidential information to insurance departments of other states or for the purposes of any adjudicatory hearing or court proceeding invoked by the commissioner.

Present law requires each PBM licensed by the commissioner to submit an annual transparency report as a condition of maintaining licensure. Requires a PBM to contain in the report certain specific data for each of the PBM's contractual or other relationships with a health benefit plan or health insurance issuer:

Proposed law retains present law but amends and expands the information required to be in the transparency report. Further allows the commissioner to examine the books or records of a PBM to determine the accuracy of the transparency report. Requires confidentiality and limited disclosure of confidential information submitted to the commissioner.

Proposed law authorizes a PBM to negotiate rebates received from a pharmaceutical drug manufacturer but prohibits retention of any portion of rebates. Requires all manufacturer rebates to be passed through to the plan sponsor and all PBM fees to be disclosed in writing and set forth clearly in the contract between the PBM and the insurer or health plan. Provides that any violation of proposed law is an unfair or deceptive act or practice in the business of insurance subject to all enforcement authority granted to the commissioner.

Proposed law requires drug manufacturers to notify the commissioner within 30 days of the following: (1) a brand-name drug price increase over 15% in 12 months; (2) a significant generic or biosimilar price increase; or (3) launching a new drug priced above the Medicare

Part D specialty threshold. Further requires the manufacturer to report details and reasons for the price change, including any rebate or formulary factors.

Present law creates the PBM monitoring advisory council and provides for the membership of the council.

Proposed law retains present law but specifies that the council is established within the Dept. of Insurance and decreases the council's membership from 25 members to 13 members.

Present law prohibits a PBM from directly or indirectly engaging in patient steering to a pharmacy in which the PBM maintains an ownership interest or control without making a written disclosure and receiving acknowledgment from the patient.

Proposed law repeals the exception for when written disclosure is provided to completely prohibit a PBM from participating in patient steering; however, proposed law allows a PBM to implement copay assistance benefit plans, also known as copay maximizer plans, for use by its insured members, as permitted by federal law.

Proposed law creates a PBM Enforcement Fund to receive penalties and settlements to cover enforcement costs, with remaining funds returned to policyholders. Provides that violations are considered unfair trade practices. Authorizes the commissioner and attorney general to enforce related provisions. Further authorizes the attorney general to seek restitution, treble damages, and attorney fees.

Effective upon signature of the governor or lapse of time for gubernatorial action; however, enforcement of certain provisions begins on Jan. 1, 2027.

(Amends the heading of Subpart C-1 of Part II of Chapter 6 of Title 22 of the La. Revised Statutes of 1950, R.S. 22:1863, 1865 (Section heading), and 1867, R.S. 40:2869(A) and (B) and 2870(A)(4) and (5)(a), and R.S. 44:4.1(B)(11); Adds R.S. 22:1868, 1868.1, 1869, 1870, and 1871; Repeals R.S. 22:1657.1, 1860.2, and 1860.3(E) and R.S. 40:2870(A)(5)(b))