

RÉSUMÉ DIGEST

ACT 474 (HB 264)

2025 Regular Session

Echols

Existing law (R.S. 22:1863 et seq.) generally provides regulations for the maintenance and administration of pharmacy benefit managers (PBMs) and prescription drug costs. Provides for certain definitions.

New law modifies existing law and redefines the following terms: "maximum allowable cost list", "pharmacy benefit manager", and "spread pricing".

New law adds and defines the following terms: "acquisition cost", "adjustment", "claim payment error", "effective rate pricing", "health benefit plan", "health insurance issuer", "local pharmacy", "rebates", "reimbursement formula", and "specialty drug".

Prior law (R.S. 22:1657.1) defined "aggregate retained rebate percentage", "health benefit plan", "health insurance issuer", and "rebates". New law repeals prior law.

Prior law prohibited a PBM from conducting or participating in spread pricing unless the PBM or health insurance issuer provided written notice to policyholders.

New law repeals the exception in prior law and completely prohibits a PBM from participating in spread pricing. Further prohibits a PBM from using effective rate pricing for a local pharmacy.

Prior law (R.S. 22:1860.3(E)) prohibited a PBM or person acting on its behalf 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 did not hold more than 5 shares or a 5% ownership interest in a pharmaceutical wholesale group purchasing organization or vendor of any covered drug, device, or service.

New law repeals prior law and extends the reimbursement prohibition to PBMs reimbursing any contracted pharmacist or local pharmacy.

New law requires a PBM to meet certain requirements and provide certain processes, 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.

New law authorizes the commissioner of insurance (commissioner) to review the compensation program of a PBM or person acting on its behalf to ensure that reimbursements are fair and reasonable. Provides that information submitted by a PBM and 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.

Existing 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.

New law retains existing law but modifies and expands the information required in transparency reports. Further allows the commissioner to examine the books or records of a PBM to determine the accuracy of transparency reports. Requires confidentiality and limited disclosure of confidential information submitted to the commissioner.

New 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 clearly set forth in the contract between the PBM and the insurer or health plan. Provides that any violation of new law is an unfair or deceptive act or practice in the business of insurance subject to all enforcement authority granted to the commissioner.

New 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.

Prior law prohibited a PBM from directly or indirectly engaging in patient steering to a pharmacy in which the PBM maintained an ownership interest or control unless the PBM provided patients with written disclosure and received acknowledgments from patients.

New law repeals the exception in prior law and completely prohibits a PBM from participating in patient steering to a pharmacy in which the PBM maintains an ownership interest or control.

Existing law provides for the PBM monitoring advisory council and establishes membership of the council.

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

New 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.

Prior law (R.S. 22:1657.1, 1860.2, and 1860.3(E) and R.S. 40:2870(A)(5)(b)) provided for certain definitions and laws with respect to fees and costs paid to PBMs, and exceptions for patient steering.

New law repeals prior law.

New law provisions that prohibit the retention of manufacturer rebates and participation in spread pricing and effective rate pricing become effective on January 1, 2027.

Effective upon signature of governor (June 20, 2025).

(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))