
DIGEST

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HB 938 Engrossed

2026 Regular Session

Turner

Abstract: Regulates pharmacy benefit managers by setting standards for reimbursement, restricting income and rebates, requiring disclosure, granting the commissioner access to data, and procuring pharmacy benefit manager services by reverse auction. Implements conflict-of-interest restrictions for consultants engaged in PBM procurement activities from 2016 to 2026.

Present law defines "pharmacy benefit manager", establishes reimbursement requirements for pharmacies, regulates PBM income sources and rebate retention, provides for PBM reporting and disclosure, and authorizes commissioner oversight.

Proposed law revises the definition of "pharmacy benefit manager" to expand covered entities and clarify activities constituting pharmacy benefit management services.

Proposed law requires PBMs to reimburse pharmacies at not less than the National Average Drug Acquisition Cost (NADAC) plus the Medicaid dispensing fee and prohibits reimbursement below acquisition cost. Defines "acquisition cost", "adjustment factor", "claim payment error", and "reimbursement formula". Requires PBMs to adopt a reimbursement formula meeting specified claim-error thresholds and to implement an appeal process for pharmacies, including documentation, notice, and corrective payment requirements.

Proposed law limits PBM income to flat-fee service payments and performance bonuses, prohibits retention of manufacturer rebates or other price-based revenues, and requires all prohibited income to be passed through to client health benefit plans. Requires annual certification of compliance and authorizes penalties for violations.

Proposed law requires PBM contracts with client health benefit plans to include disclosure of claims-level pricing data, pharmacy reimbursement amounts, and prohibited revenues. Requires PBMs serving plans with substantial Louisiana enrollment to provide the commissioner access to claims-level pricing, income, and reimbursement data.

Proposed law amends procurement procedures for PBM services under R.S. 39:1600.1 to require the division of administration to procure PBM services through a reverse auction, procure a qualifying technology platform, and ensure bidder compliance with PBM regulations. Authorizes participation by full-service PBMs and carveout service providers and permits multiple or hybrid contract awards.

Proposed law prohibits any consultant or advisor to the division or to the office of group benefits who received remuneration for consultation or other services related to drafting or issuing a PBM request for proposals or procuring PBM services between 2016 and 2026 from providing consultation regarding the selection of the PBM reverse-auction technology platform or provider or the conduct of the technology-enabled reverse-auction process.

Proposed law repeals §5 of Act No. 474 of the 2025 Regular Session.

Proposed law provides for implementation on October 1, 2026, and for standard effective-date provisions.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 22:1863(11), 1868, and 1868.1 and R.S. 39:1600.1(D)(1), the introductory paragraph of 1600.1(D)(2), and 1600.1(D)(3), (4), (6), and (11)(a); Adds R.S. 22:1868.2; Repeals Section 5 of Act No. 474 of the 2025 Regular Session)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Revise the effective date reference by changing "2026" to "2025" to ensure statutory accuracy.
2. Remove redundant language from proposed law to maintain consistency with existing statutory format.
3. Implement a conflict-of-interest provision that prohibits any consultants or advisors who were compensated for PBM procurement activities between 2016 and 2025, from engaging in the selection process or operation of the PBM reverse auction platform.
4. Clarifies statutory references of prior legislative acts to repeal Section 5 of Act No. 474 of the 2025 Regular Session.
5. Make technical changes.