

2026 Regular Session

HOUSE BILL NO. 1217

BY REPRESENTATIVE ECHOLS

HEALTH: Provides with respect to pharmacy benefit managers

1 AN ACT

2 To enact Subpart C-2 of Part II of Chapter 6 of Title 22 of the Louisiana Revised Statutes
3 of 1950, to be comprised of R.S. 22:1870.11 through 1870.22, R.S. 40:2864(D) and
4 (E), relative to pharmacy benefit managers, insurers, and third-party administrators;
5 to enhance transparency, reporting, and disclosure of affiliated entities; to establish
6 audit and enforcement authority; to provide for civil penalties, treble damages, and
7 cost recovery; to create the Pharmacy Benefit Enforcement Fund; to provide for
8 oversight and accountability in pharmacy benefit management; and to provide for
9 related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. Subpart C-2 of Part II of Chapter 6 of Title 22 of the Louisiana Revised
12 Statutes of 1950, comprised of R.S. 22:1870.11 through 1870.22, is hereby enacted to read
13 as follows:

14 SUBPART C-2. PHARMACY BENEFIT MANAGER TRANSPARENCY

15 §1870.11. Legislative intent

16 A. The legislature declares that the purpose of this Subpart is to do all of the
17 of the following:

18 (1) Promote full transparency and accountability in pharmacy benefit
19 management, including disclosure of affiliated and related entities, financial
20 relationships, and services provided.

1 (2) Address gaps in enforcement, affiliated entity transactions, and self-
2 funded plan arrangements not fully captured under existing law.

3 (3) Provide meaningful enforcement mechanisms to ensure compliance.

4 B. This Subpart shall be interpreted in pari materia with the provisions of
5 this Title and shall not be construed to limit or replace any requirement therein.

6 §1870.12. Affiliate and related-entity transparency

7 A. A pharmacy benefit manager or insurer shall disclose all affiliated or
8 related entities involved in pharmacy-related services, including the complete
9 corporate vertical integration structure of all components related to the pharmacy
10 benefit manager, insurer, group purchasing organization, and manufacturer.

11 B. A pharmacy benefit manager or insurer shall disclose any affiliated entity
12 involved in any of the following:

13 (1) Specialty pharmacy.

14 (2) Mail-order pharmacy.

15 (3) Rebate aggregation.

16 (4) Data analytics.

17 (5) Utilization management.

18 (6) Prior authorization services.

19 C. Disclosures shall include ownership structure, financial relationships, and
20 revenue flows between entities.

21 D. Any compensation flowing through an affiliated entity shall be deemed
22 a pharmacy benefit manager compensation for regulatory purposes.

23 §1870.13. ASO and self-funded plan transparency

24 A. A pharmacy benefit manager or insurer administering self-funded plans
25 shall provide an annual full financial reconciliation to plan sponsors, including
26 identification of all fees, rebates, administrative offsets, negotiated price concessions,
27 performance-based price concessions, and affiliated-entity payments. A pharmacy
28 benefit manager shall disclose all pharmacy benefit management fees in writing and
29 shall certify annually under oath that all rebates have been passed through to the plan
30 sponsor as required. All information is subject to audit by the commissioner.

1 B. A contract provision shall not do any of the following:

2 (1) Restrict a plan sponsor's access to claims-level data.

3 (2) Prohibit disclosure to regulators.

4 §1870.14. Enhanced claims-level reporting

5 A. A pharmacy benefit manager or insurer shall file quarterly claims-level
6 reports with the commissioner and the attorney general.

7 B. A pharmacy benefit manager or insurer shall file quarterly claims-level
8 reports with the commissioner and the attorney general. Reports shall include billed
9 and paid amounts, all direct and indirect remuneration, identification of affiliated
10 entities involved in each transaction, post-sale adjustments, and any negotiated price
11 concessions or performance-based price concessions associated with the claim.
12 Reports shall also include the total reimbursement paid to network pharmacies in this
13 state, identified by local and non-local pharmacy. All information shall be subject
14 to examination by the commissioner.

15 §1870.15. Prohibition on indirect spread and recharacterization

16 A. A pharmacy benefit manager shall not recharacterize spread pricing
17 through administrative fees, affiliate payments, data charges, or service charges.

18 B. Any such recharacterization shall constitute a violation of this Section, and
19 shall be treated as an unfair or deceptive act or practice subject to all enforcement
20 authority granted to the commissioner in accordance with this Title, including
21 restitution, disgorgement, and treble damages where applicable.

22 §1870.16. Audit and examination authority

23 A. The commissioner and the attorney general may conduct forensic
24 financial audits, examine affiliated entities, and review intercompany transactions.

25 B. A pharmacy benefit manager or insurer shall maintain records sufficient
26 to trace all revenue streams and identify all sources of compensation.

27 §1870.17. Enforcement authority

28 A. The attorney general shall have concurrent jurisdiction with the
29 commissioner to enforce this Subpart.

1 B. The attorney general may initiate civil enforcement actions, subpoena
2 records, and seek injunctive relief.

3 §1870.18. Civil penalties

4 A. Any violation of this Subpart shall result in a minimum civil penalty of
5 one million dollars per violation and shall constitute an unfair or deceptive act or
6 practice subject to all enforcement authority granted to the commissioner and the
7 attorney general, including restitution, disgorgement, and treble damages for
8 knowing or willful violations.

9 B. Each of the following constitutes a separate violation:

10 (1) Each claim involving undisclosed remuneration.

11 (2) Each failure to disclose affiliated relationships.

12 (3) Each failure to provide required reporting.

13 C. Courts may order restitution and disgorgement of profits.

14 §1870.19. Pharmacy benefit enforcement fund

15 A. The Pharmacy Benefit Enforcement Fund is hereby created and shall be
16 administered by the attorney general.

17 B. The fund shall consist of civil penalties, settlements, and cost recoveries.

18 C. Monies in the fund may be used for investigations, litigation, regulatory
19 enforcement, and consumer protection.

20 §1870.20. Recovery of costs

21 The attorney general may recover attorney fees, investigative costs, and
22 expert fees in addition to all penalties.

23 §1870.21. Whistleblower protections

24 A. Individuals reporting violations of this Part shall be protected from
25 retaliation.

26 B. Whistleblowers may receive up to twenty-five percent of recovered funds.

27 §1870.22. Anti-evasion clause

28 A pharmacy benefit manager shall not avoid compliance with this Subpart
29 through affiliates, subcontractors, recharacterization of payments, or multi-entity
30 arrangements. Violations shall be treated as direct violations.

1 Section 2. R.S. 40:2864(D) and (E) are hereby enacted to read as follows:

2 §2864. Duties of pharmacy benefit managers

3 * * *

4 D. Disclosure requirements applicable to pharmacy benefit managers and
5 insurers shall be governed by R.S. 22:1870.11 et seq.

6 E. Any compensation flowing through an affiliated entity shall be deemed
7 pharmacy benefit manager compensation for regulatory purposes.

8 Section 3. This Act shall become effective upon signature by the governor or, if not
9 signed by the governor, upon expiration of the time for bills to become law without signature
10 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
11 vetoed by the governor and subsequently approved by the legislature, this Act shall become
12 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 1217 Engrossed

2026 Regular Session

Echols

Abstract: Provides for transparency, accountability, and enforcement mechanisms related to pharmacy benefit managers, insurers, health maintenance organizations, third-party administrators, and their affiliates.

Proposed law provides for transparency, reporting, and enforcement requirements applicable to pharmacy benefit managers (PBMs), insurers, health maintenance organizations, third-party administrators, and affiliated entities.

Proposed law requires PBMs and insurers to disclose all affiliated or related entities involved in pharmacy-related services. Disclosures must include the complete corporate vertical integration structure of all components related to the PBM, insurer, group purchasing organization, manufacturer, wholesale distributor, specialty or mail-order pharmacy, retail or long-term care pharmacy, and provider. Disclosures must also identify each service provided by an affiliate or subsidiary, the number of such services, by whom they were provided, and the dollar amounts associated with those services. All compensation flowing through an affiliated entity is deemed PBM compensation for regulatory purposes.

Proposed law requires PBMs and insurers administering self-funded plans to provide an annual full financial reconciliation to plan sponsors, including identification of all fees, rebates, administrative offsets, negotiated price concessions, performance-based price concessions, and affiliated-entity payments. Prohibits contract provisions restricting access to claims-level data or limiting disclosure to regulators.

Proposed law requires quarterly claims-level reporting to the commissioner and attorney general, including billed and paid amounts, all direct and indirect remuneration, affiliated entities involved in each transaction, post-sale adjustments, and negotiated or

performance-based price concessions. Requires reporting of total reimbursement paid to network pharmacies in the state, identified by local and non-local pharmacy. Authorizes the commissioner to examine books and records to verify accuracy.

Proposed law prohibits recharacterization of spread pricing through administrative fees, affiliate payments, data charges, or service charges. Provides that such conduct constitutes an unfair or deceptive act or practice subject to enforcement by the commissioner and attorney general, including restitution, disgorgement, and treble damages for knowing or willful violations.

Proposed law grants the commissioner and attorney general authority to conduct forensic financial audits, examine affiliated entities, and review intercompany transactions. Establishes concurrent enforcement jurisdiction for the attorney general and authorizes civil actions, subpoenas, and injunctive relief.

Proposed law establishes a minimum civil penalty of \$1,000,000 per violation. Each undisclosed remuneration, failure to disclose an affiliated relationship, or failure to provide required reporting constitutes a separate violation. Authorizes restitution, disgorgement, treble damages for knowing or willful violations, and recovery of attorney fees, investigative costs, and expert fees.

Proposed law creates the Pharmacy Benefit Enforcement Fund, funded by civil penalties, settlements, and cost recoveries, and authorizes its use for investigations, litigation, regulatory enforcement, and consumer protection.

Proposed law provides whistleblower protections and authorizes awards of up to 25% of recovered funds. Prohibits evasion through affiliates, subcontractors, recharacterization of payments, or multi-entity arrangements.

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

(Adds R.S. 22:1870.11 through 1870.22 and R.S. 40:2864(D) and (E))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Health and Welfare to the original bill:

1. Make technical changes.
2. Remove provisions relative to applicability.
3. Provide that civil penalties apply to a violation of proposed law.
4. Remove duplicative provisions relative to treble damages.