

2015 Regular Session

SENATE BILL NO. 163

BY SENATORS MILLS, ADLEY, ALARIO, BUFFINGTON, CORTEZ, DORSEY-COLOMB, ERDEY, HEITMEIER, JOHNS, LAFLEUR, LONG, MARTINY, MORRISH, MURRAY, PERRY, GARY SMITH, JOHN SMITH, TARVER, THOMPSON AND WARD

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

MEDICAID. Provides relative to Medicaid managed care. (gov sig)

1 AN ACT

2 To enact R.S. 46:460.36, relative to Medicaid managed care; to provide for definitions; to
3 provide for managed care organizations' pharmacy reimbursement; to require a
4 dispute resolution process; to provide for the provision of implementation costs; to
5 provide for an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 46:460.36 is hereby enacted to read as follows:

8 **§460.36. Pharmacy reimbursement by managed care organizations**

9 **A. Words and terms used in this Section shall have the following**
10 **meanings:**

11 **(1) "Department" means the Department of Health and Hospitals.**

12 **(2) "Legacy Medicaid rate" means the lesser of one of the following:**

13 **(a) The published Medicaid fee-for-service reimbursement rate for the**
14 **combination of the ingredient cost and dispensing fee in use for the current**
15 **approved Medicaid state plan in effect on the date of service.**

16 **(b) The usual and customary charge. This charge shall be the price the**
17 **provider most frequently charges the general public for the same drug unless**

1 otherwise defined in the current approved Medicaid state plan in effect on the
2 date of service.

3 (c) The pharmacy's submitted charge.

4 (3) "Local pharmacy" means any pharmacy, domiciled in at least one
5 Louisiana parish that meets both of the following criteria:

6 (a) Contracts with the managed care organization or the managed care
7 organization's contractor in its own name or through a pharmacy services
8 administration organization and not under the authority of a group purchasing
9 organization.

10 (b) Has fewer than ten retail outlets under its corporate umbrella.

11 B. A managed care organization may negotiate the ingredient cost
12 reimbursement in its contracts with providers.

13 C. Any contract between the department and a managed care
14 organization that includes provisions for pharmacy reimbursement shall
15 provide for a reimbursement dispute process for local pharmacies.

16 (1) Such reimbursement dispute process shall, at a minimum, include the
17 following elements:

18 (i) Final review authority shall be retained by the department or by a
19 party agreed upon by the department, the Louisiana Association of Health
20 Plans, and the Louisiana Independent Pharmacies Association.

21 (ii) If the dispute results in a finding that reimbursement was
22 unreasonable, the managed care organization shall be required to provide the
23 pharmacy an increased reimbursement and shall update its maximum allowable
24 cost list to reflect the increase.

25 (iii) The department shall define reasonableness in relation to the
26 contractual rate paid by the department to the managed care organization to
27 manage pharmacy services in the medical assistance program.

28 (2) The department shall not amend any contract between itself and a
29 managed care organization in order to comply with the requirements of this

1 Subsection unless such amendment shall not increase the actuarially sound rate
 2 paid to the managed care organization as of March 1, 2015.

3 D. After June 15, 2016, no managed care organization shall pay a local
 4 pharmacy a per-prescription reimbursement at a rate less than the legacy
 5 Medicaid rate unless its contract with the department provides for a
 6 reimbursement dispute process as described in Subsection C of this Section.

7 E. The full cost of implementing and performing the provisions of this
 8 Section shall be the responsibility of the Department of Health and Hospitals
 9 through a reallocation of existing budget resources of the department and not
 10 through additional appropriations.

11 Section 2. This Act shall become effective upon signature by the governor or, if not
 12 signed by the governor, upon expiration of the time for bills to become law without signature
 13 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 14 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 15 effective on the day following such approval.

The original instrument was prepared by Christopher D. Adams. The following digest, which does not constitute a part of the legislative instrument, was prepared by J. W. Wiley.

DIGEST

SB 163 Re-Reengrossed

2015 Regular Session

Mills

Proposed law provides for definitions.

Proposed law provides that a managed care organization may negotiate the ingredient cost reimbursement in its contracts with providers.

Proposed law relative to any contract between the Department of Health and Hospitals and a managed care organization that the department provides for pharmacy reimbursement shall provide for a dispute process for local pharmacies.

Proposed law provides that such dispute review process shall include the following minimal elements:

- (1) Final review authority shall be retained by the department or by a party agreed upon by the department, the La. Association of Health Plans, and the La. Independent Pharmacies Association.
- (2) An increased reimbursement if there is a finding that a reimbursement is unreasonable.
- (3) The department shall define reasonableness in relation to the contractual rate paid

by the department to the managed care organization.

Proposed law provides that the department shall not amend any contract unless such amendment shall not increase the actuarially sound rate paid as of March 1, 2015.

Proposed law provides that after June 15, 2016, no managed care organization shall pay a local pharmacy a per-prescription reimbursement at a rate less than the Medicaid rate unless the department provides a dispute process. Finally, the full cost for implementing these provisions shall be the responsibility of the department through allocation of existing budget resources and not additional appropriations.

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

(Adds R.S. 46:460.36)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Health and Welfare to the original bill

1. Adds definitions.
2. Provides for reimbursing certain pharmacies by managed care organizations.

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Relative to any contract between the Department of Health and Hospitals and a managed care organization that provides for pharmacy reimbursement shall provide for a dispute process for local pharmacies.
2. Such dispute review process shall include the following minimal elements:
 - (a) Final review authority shall be retained by the department or by a party agreed upon by the department, the La. Association of Health Plans, and the La. Independent Pharmacies Association.
 - (b) An increased reimbursement if there is a finding that a reimbursement is unreasonable.
 - (c) The department shall define reasonableness in relation to the contractual rate paid by the department to the managed care organization.
3. The department shall not amend any contract unless such amendment shall not increase the actuarially sound rate paid as of March 1, 2015.
4. After June 15, 2016, no managed care organization shall pay a local pharmacy a per-prescription reimbursement at a rate less than the Medicaid rate unless the department provides a dispute process.
5. The full cost for implementing these provisions shall be the responsibility of the department through allocation of existing budget resources and not additional appropriations.

Senate Floor Amendments to the reengrossed bill

1. Makes technical changes.