Proposed legislation would require Pharmacy Benefit Managers (PBMs) to obtain and maintain a permit from the Board of Pharmacy to perform pharmacy services in the State of Louisiana. Present law allows PBMs to do so by choice.

While proposed legislation will likely increase the volume of PBM permit requests, the Louisiana Board of Pharmacy claims this increase in workload will be marginal and can be absorbed by existing capacity.

Adopted house committee amendments in Health & Welfare create a process of appeals for PBMs facing adverse disciplinary actions that may result in the suspension or termination of their pharmacy benefit permit. This process requires an independent third-party adjudicator with the Division of Administrative Law (DAL) and the ruling of the administrative law judge may be appealed by the non-prevailing party. The Legislative Fiscal Office cannot anticipate the number of administrative hearings that will actually occur. To the extent there are administrative hearings, the current DAL rates are $160.82 per judicial hour and $86.27 per clerical hour.

REVENUE EXPLANATION

The Louisiana Board of Pharmacy estimates 45 PBM firms to be active within the state, 12 of which currently maintain permits. Proposed legislation requiring permitting is unlikely to lower the amount of firms active in Louisiana, and so it is anticipated that this measure would induce 33 more permit applications. The fee for a PBM permit is $500 per year. If all PBMs obtain a permit, this would provide an increase of $16,500 per year in additional self-generated revenue for the board.