



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 264** HLS 25RS 72
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 28, 2025 5:32 PM	Author: ECHOLS
Dept./Agy.: Office of Group Benefits	Analyst: Anthony Shamis
Subject: Pharmacy Benefit Manager Rebates	

INSURANCE/HEALTH OR +\$34,237,688 SG EX See Note Page 1 of 2
 Provides for the utilization of pharmaceutical rebates by a pharmacy benefit manager

Proposed law authorizes each Pharmacy Benefit Manager (PBM) licensed by the state to calculate a covered individual's defined cost-sharing for each prescription drug at the point of sale based on a price that is reduced by at least 100% of all rebates received, or to be received, in connection with dispensing or administering a prescription drug. The cost savings of any rebate exceeding the defined cost-sharing amount shall be passed on to the employer or sponsor of the health plan.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$34,237,688	\$35,093,630	\$35,970,971	\$36,870,244	\$37,792,000	\$179,964,533
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$34,237,688	\$35,093,630	\$35,970,971	\$36,870,244	\$37,792,000	\$179,964,533

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	SEE BELOW					
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase SGR expenditures by \$34,237,688 within the Office of Group Benefits (OGB) in FY 26, due to rebates shifting away from OGB in order to apply them to the member prescription drug cost-share at the point of sale. OGB applies rebates to offset pharmacy claims expenditures (credit), which results in a net decrease in the agency's pharmacy claims expenditures. This legislation utilizes rebate dollars to first cover members' cost sharing obligation and then allows OGB to retain the net rebate amount, which OGB anticipates will reduce the amount of rebates OGB can use to offset pharmacy claims expenditures.

This increase is based on the gross plan cost, member cost share, and earned rebates projected for Plan/Calendar year 2025. The estimated increases in OGB self-funded health plan pharmacy claims for the Commercial and Employer Group Waiver Plan (EGWP) plans are below:

Plan Type (Plan Year 2025)	PBM	Pharmacy Claims Increase
Commercial (Magnolia Plans/Pelican HRA)	CVS Caremark	\$13,000,000
Commercial (Pelican HSA)	Express Scripts	\$ 115,000
EGWP (Medicare Members)	CVS Caremark	\$20,700,000
Total Plan/Calendar Year (2025)		\$33,815,000

Annual OGB Self-funded health plan pharmacy claims expenditures projected for FY 2026 - FY 2030:

Plan Type:	FY 2026	FY 2027	FY 28	FY 29	FY 30
Commercial	\$13,278,938	\$13,610,911	\$13,951,184	\$14,299,963	\$14,657,462
EGWP (Medicare)	\$20,958,750	\$21,482,719	\$22,019,787	\$22,570,281	\$23,134,538
Total:	\$34,237,688	\$35,093,630	\$35,970,971	\$36,870,244	\$37,792,000

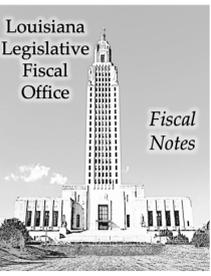
See EXPENDITURE EXPLANATION on page 2

REVENUE EXPLANATION

Proposed law may require an indeterminable increase in OGB Self-Generated revenues. OGB may be required to either decrease or eliminate benefits currently available to members participating in OGB's self-funded plans, or seek additional revenue authority, either in the form of a direct appropriation from SGF or an increase in OGB's SGR from premium increases for self-funded health plans. A 1% increase to Plan Year 2025 OGB self-funded health plan premium rates would generate approximately \$16.8 M, based on current membership plan elections.

Senate	Dual Referral Rules	House
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
 Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION Continued from Page 1

The expenditure estimate is based upon the following assumptions: (1) Provisions of this legislation are effective 7/01/2025. (2) Membership in OGB self-funded health plans will remain constant. (3) OGB will rely on cost projections provided by CVS Caremark and LA Blue. (4) In future fiscal years, a medical inflation factor of 2.5%, based on Consumer Price Index data for medical care in the Southern United States through the end of 2024.

Expenditure Calculations

Claims Encounters + 2.5% Medical Inflation (MI) Factor = Total FY

FY 26 Commercial Claims = \$13,278,938 = \$12,955,061 X 2.5% MI
FY 26 EGWP Claims = \$20,958,750 = 20,447,561 X 2.5% MI

FY 27 Commercial Claims = \$13,610,911 = \$13,278,938 X 2.5% MI
FY 27 EGWP Claims = \$21,482,719 = \$20,958,750 X 2.5% MI

FY 28 Commercial Claims = \$13,951,184 = \$13,610,911 X 2.5% MI
FY 28 EGWP Claims = \$22,019,787 = \$21,482,719 X 2.5% MI

FY 29 Commercial Claims = \$14,299,964 = 13,951,184 X 2.5 % MI
FY 29 EGWP Claims = \$22,570,281 = \$22,019,787 X 2.5% MI

FY 30 Commercial Claims = \$14,657,463 = \$14,299,964 X 2.5% MI
FY 30 EGWP Claims = \$21,134,538 = \$22,570,281 X 2.5% MI

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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