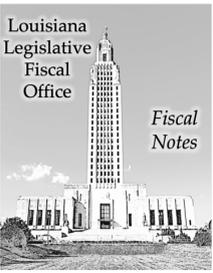


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 264** HLS 25RS 72

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 19, 2025	5:52 PM	Author: ECHOLS
Dept./Agy.: Insurance		Analyst: Anthony Shamis
Subject: Pharmacy Benefit Manager transparency and compensation		

INSURANCE/HEALTH

EG INCREASE SG EX See Note

Page 1 of 1

Provides for transparency and compensation practices relative to pharmacy benefit managers

Proposed law authorizes the Commissioner of Insurance to examine the books or records of a pharmacy benefit manager (PBM) to determine the accuracy of its annual transparency report; the individual and aggregate amount paid by a health insurance issuer to a PBM for drugs, devices or services provided by a pharmacist or pharmacy; and the individual and aggregate amount a PBM paid to a pharmacist or pharmacy for drugs, devices, or services.

Proposed law provides that the commissioner may review and approve the compensation program of a PBM or person acting on behalf of a PBM with a health insurance issuer, pharmacy services administrative organization, pharmacy, or pharmacist, or any person acting on their behalf, to ensure that reimbursement for drugs, devices, and services paid to the pharmacist or pharmacy is fair and reasonable.

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.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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

REVENUES	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.	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase SGR expenditures by an indeterminable amount within the LA Department of Insurance (LDI) in FY 26, associated with the examination of PBM rebate transparency reports for accuracy, as well as review and approval of a PBM's compensation program to ensure that reimbursement for drugs, devices, and services paid to a pharmacist or pharmacy is fair and reasonable.

Information provided by LDI indicates that review and approval of PBM compensation programs is a new function, and that they do not have adequate staff or technical knowledge to perform the reviews within their current structure. In addition, it is difficult to determine a cost of implementation, as this measure authorizes the commissioner to review and approve PBM compensation plans, but does not require it. Depending on the scope of reviews, and approvals, the fiscal impact could range from implementing this program through a service contract (estimated \$150,000) rather than additional staff. As an illustrative example, if the expectation is to review and approve every provider agreement prior to its effective date, then an additional four to six full-time employees (FTEs) would be required because of the specialized nature of the work. According to LDI, there are over 2,000 licensed pharmacies in the state and approximately 30 PBMs.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
Deputy Fiscal Officer