

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **SB 173** SLS 25RS 397
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.: **w/ PROP SEN COMM AMD**
 Sub. Bill For.:

Date: May 20, 2025	3:24 PM	Author: JACKSON-ANDREWS
Dept./Agy.: Health/Insurance, Office of Group Benefits		Analyst: Anthony Shamis
Subject: Pharmacy Benefit Manager Reimbursement Rates		

HEALTH/ACC INSURANCE OR NO IMPACT SG EX See Note Page 1 of 2
 Provides for reimbursement rates paid by Pharmacy Benefit Managers. (8/1/25)

Present law requires a Pharmacy Benefit Manager (PBM) to reimburse a pharmacy or pharmacist an amount equal to the acquisition cost for a covered drug, device, or service. Proposed law defines acquisition cost.

Present law provides for an administrative appeal procedure for pharmacies that challenge the maximum allowable cost established by a PBM. Proposed law requires PBMs to take specific actions when an appeal is granted.

Proposed law does not apply to the Office of Group Benefits (OGB).

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.	\$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

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

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law requires that no Pharmacy Benefit Manager (PBM) reimburse a Louisiana pharmacy or pharmacist an amount less than the acquisition cost for a covered drug, device, or service including a professional dispensing fee established by the LA Medicaid Program. The health actuary for the LA Department of Insurance (LDI) does not anticipate that the proposed law would result in any defrayal costs from the healthcare insurance exchanges. Furthermore, proposed law is anticipated to increase claims expenditures for the health insurance industry by an estimated \$86.2 M (low) and premiums by an estimated \$101.6 M (low).

PRIVATE INSURANCE IMPACT

The information below is the projected private insurance impact of proposed law. Based upon an actuarial analysis prepared by LDI, the proposed law is anticipated to increase expenditures associated with claims by \$86.2 M and increase premiums by \$101.6 M. These estimates are based on the following assumptions: (1) Benefits are 85% of premiums. (2) 35% of pharmacies are independent of PBMs. (3) Cost is based on spread (using Ohio study numbers). (4) Inflation is 8% in FY 26 and 5% thereafter. Medicaid's dispensing fee is \$11.81 per RX vs. commercial insurance at approximately \$3.00. (5) Estimates are made on employer sponsored and individual insurance plans, as 45.4% of the population, no Medicare, Medicaid, military, or uninsured. 10% to 25% of prescriptions would be affected by part (a) and 100% of part (b). (6) PBMs will increase charges to make up losses in profit that result from proposed changes. (7) Two people are covered per policy on average. (8) Dispensing fees are fixed and do not increase with other medical expenses unless Medicaid increases them. (9) Average cost of health insurance is \$522.50 per month for one individual. (10) OGB is excluded (130,000 insureds which represents 6.2% of the insured population excluding Medicare/Medicaid).

Continue Explanation on Page 2

REVENUE EXPLANATION

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

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}

Patrice Thomas
Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION Continued from Page 1

Premium Increase Determination - Acquisition Cost: Section (a) = Drug/Device; Section (b) = Services

Aggregate premium for FY 26:

	<u>Section (a)</u>	<u>Section (b)</u>	<u>Total</u>
Low	\$1,750,233	\$99,799,834	\$101,550,067
High	\$4,375,581	\$135,023,304	\$139,398,885

Aggregate extra premium for FY 26:

Aggregate cost x persons per policy/number of insured

	<u>Section (a)</u>	<u>Section (b)</u>	<u>Total</u>
Low	\$1.79	\$101.92	\$103.71
High	\$4.47	\$137.89	\$142.36

Percentage premium change caused by this legislation:

	<u>Section (a)</u>	<u>Section (b)</u>	<u>Total</u>
Low	0.05%	\$1.42%	\$1.47%
High	0.13%	\$3.83%	\$3.96%

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