

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 13, 2025	3:30 PM	Author: ECHOLS
Dept./Agy.: Insurance		Analyst: Anthony Shamis
Subject: Pharmacy Benefit Manager transparency and compensation		

INSURANCE/HEALTH

EN +\$90,000 SG EX See Note

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Provides for transparency and compensation practices relative to pharmacy benefit managers

Proposed law prohibits a Pharmacy Benefit Manager (PBM) from conducting or participating in spread pricing and patient steering in Louisiana, as well as using effective rate pricing for a local pharmacy. Proposed law prohibits PBMS (or a person acting on their behalf) from reimbursing a pharmacy or pharmacist an amount less than the acquisition cost for the covered drug, device or service (applicable to contracted pharmacist or local pharmacy). Effective January 1, 2026, PBMs shall adopt a reimbursement formula using either NADAC as a prescription drug pricing benchmark, or an alternative pricing benchmark (approved by the Commissioner of Insurance (Commissioner)). Additionally, PBMs are required to adopt an appeals process for pharmacists to challenge claim payment errors. Proposed law requires PBMs to pass all manufacturer rebates through to the plan sponsor and disclose in writing PBM management fees. PBMs are required to certify under oath on or before December thirty-first of each year to the Commissioner that they are in compliance with provisions of this law. Proposed law allows the Commissioner to review the compensation programs of PBMs to ensure that the reimbursement for drugs, devices, and services are fair and reasonable. Proposed law requires PBMs to submit an annual transparency report on March first of each year as a condition of maintaining licensure. Proposed law establishes the Pharmacy Benefit manager Enforcement Fund. Monies in the fund shall be used to fund the commissioner of insurance and attorney general's expenditures necessary to carry out provisions of this legislation. Proposed law modifies composition of the Pharmacy Benefit Monitoring Advisory Council. Enforcement of proposed law is effective on January 1, 2027.

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.	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$450,000
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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 professional services contract expenditures (SGF) by \$90,000 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. In addition, proposed law is anticipated to increase Statutorily Dedicated expenditures out of the newly created Pharmacy Benefit Manager Enforcement Fund for expenditures incurred by LDI and the Attorney General's office related to the implementation and enforcement of this legislation.

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. Based on discussions between LDI and contractors doing similar work, they can implement a process to review several agreements between PBMs and health plans, pharmacies, and Pharmacy Services Administrative Organizations (PSAOs) each year through a contract and will not require additional staff.

REVENUE EXPLANATION

Proposed law is anticipated to increase Statutory Dedicated revenues by an indeterminable amount through the creation of the Pharmacy Benefit Manager Enforcement Fund. The source of funding is SGR as a result of money received from a civil award or settlement under provisions of this section (enforcement). Monies in the fund shall be used first to fund the commissioner of insurance and attorney general's expenditures related to carrying out this legislation. At the end of each fiscal year, any unexpended monies shall be returned to the policyholders in accordance with a program designed by the attorney general and commissioner. The amount of SGR deposited into the Statutorily Dedicated Pharmacy Benefit Manager Enforcement Fund is indeterminable at this time and will be dependent upon actual collections from civil awards and settlements.

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