
DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 432 Original

2019 Regular Session

Jordan

Abstract: Provides for the licensing and regulation of pharmacy services administrative organizations.

Proposed law defines "independent pharmacy", "pharmacy benefit manager", "pharmacy services administrative organization", "pharmacy services administrative organization-pharmacy contract", and "third-party payer".

Proposed law requires all pharmacy services administrative organizations operating within the state to be registered and licensed with the Dept. of Insurance.

Proposed law requires a pharmacy services administrative organization to provide to the independent pharmacy a copy of any contract, amendments, payment schedules, or reimbursement rates within three calendar days after the execution of a contract, or an amendment to a contract, signed on behalf of the independent pharmacy.

Proposed law requires each pharmacy services administrative organization to disclose to the Dept. of Insurance the extent of any ownership or control of the pharmacy services administrative organization by any parent company, subsidiary, or other organization that provides pharmacy services or prescription drug or device services or manufactures, sells, or distributes prescription drugs, biologicals, or medical devices.

Proposed law requires a pharmacy services administrative organization, prior to entering into a pharmacy services administrative organization-pharmacy contract, to furnish to an independent pharmacy a written disclosure of ownership or control in order to assist the independent pharmacy in making an informed decision regarding its relationship with the pharmacy services administrative organization.

Proposed law requires a pharmacy services administrative organization, prior to entering into a contract with a third-party payer, to furnish to a pharmacy benefit manager or third-party payer a written disclosure of ownership or control in order to assist the pharmacy benefit manager or third-party payer in making an informed decision regarding its relationship with the pharmacy services administrative organization and the independent pharmacy or pharmacies for which the pharmacy services administrative organization is negotiating.

Proposed law requires any contract between a pharmacy benefit manager and a pharmacy services administrative organization, pursuant to which the pharmacy benefit manager has the right or

obligation to conduct audits of independent pharmacies, to contain specific language that permits the pharmacy benefit manager to obtain information from the pharmacy services administrative organization in connection with the pharmacy benefit manager's audit of an independent pharmacy.

Proposed law requires all remittances for claims submitted by a pharmacy benefit manager or third-party payer on behalf of a pharmacy to the pharmacy services administrative organization to be passed through by the pharmacy services administrative organization to the independent pharmacy within a reasonable amount of time after receipt of the remittance by the pharmacy services administrative organization from a pharmacy benefit manager or third-party payer.

Proposed law requires a pharmacy services administrative organization that provides, accepts, or processes a discount, concession, or product voucher, to reduce, directly or indirectly, a covered person's out-of-pocket expense for the order, dispensing, substitution, sale, or purchase of a prescription drug to provide to the Dept. of Insurance an annual report, available for public audit, that includes both of the following:

- (1) An aggregated total of all the transactions, by independent pharmacy.
- (2) An aggregated total of any payments received by the pharmacy services administrative organization itself for providing, processing, or accepting any discount, concession, or product voucher on behalf of an independent pharmacy.

Proposed law prohibits a pharmacy services administrative organization that owns or is owned by any entity that manufactures, sells, or distributes prescription drugs, biologicals, or medical devices from requiring that the independent pharmacy purchase any drugs or medical devices from the entity with which the pharmacy services administrative organization has an ownership interest, or an entity with an ownership interest in the pharmacy services administrative organization.

Proposed law requires a pharmacy services administrative organization that owns or is owned by any entity that manufactures, sells, or distributes prescription drugs, biologicals, or medical devices to disclose to the Dept. of Insurance any agreement with an independent pharmacy in which the independent pharmacy purchases prescription drugs, biologicals, or medical devices from the pharmacy services administrative organization or any entity that owns or is owned by, the pharmacy services administrative organization.

Proposed law sets forth provisions relative to timely communication that must be included in a pharmacy services administrative organization-pharmacy contract.

Proposed law provides that any violations that are committed or performed with such frequency as to indicate a general business practice shall be subject to the provisions of the Unfair Trade Practices Act.

(Adds R.S. 22:1806.1-1806.6)