

2022 Regular Session

HOUSE BILL NO. 674

BY REPRESENTATIVE JORDAN

INSURANCE/HEALTH: Provides for the regulation of pharmacy services administrative organizations

1 AN ACT

2 To amend and reenact R.S. 22:1660.1, 1660.2, and 1660.9, relative to the Louisiana  
3 Pharmacy Services Administrative Organization Licensing Act; to provide for  
4 technical changes; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:1660.1, 1660.2, and 1660.9 are hereby amended and reenacted  
7 to read as follows:

8 §1660.1. Short title; definitions

9 A. This Part may be known and cited as the "Louisiana Pharmacy Services  
10 Administrative Organization Licensing Act".

11 B. As used in this Part, the following definitions apply:

12 (1) "Pharmacy services administrative organization" means an entity that  
13 provides a contracted pharmacy with administrative, contracting, or payment  
14 services relating to prescription drug benefits.

15 (2) "Pharmacy services administrative organization contract" means a  
16 contractual agreement between a pharmacy services administrative organization and  
17 a pharmacy under which a pharmacy services administrative organization agrees to  
18 negotiate with pharmacy benefit managers or third-party payers on behalf of one or  
19 more pharmacies.

1           §1660.2. Licensing requirements; fees; penalties

2           A. ~~No~~ A person shall not act as, or offer to act as, or hold himself out to be  
3           a pharmacy services administrative organization in this state without a valid license  
4           as a pharmacy services administrative organization issued by the commissioner of  
5           insurance. The commissioner may impose a fine of five hundred dollars per violation  
6           against any person who acts as a pharmacy services administrative organization  
7           without a valid license, and each day shall be considered a separate violation.

8           B. Applicants subject to the provisions of this Section shall pay a licensing  
9           fee in an amount set forth in R.S. 22:821 and shall make an application to the  
10          commissioner upon a form to be furnished by the commissioner. The application  
11          shall include or be accompanied by the following information and documents:

12           (1) All basic organizational documents of the pharmacy services  
13          administrative organization, including any articles of incorporation, articles of  
14          association, partnership agreements, trade name certificates, trust agreements,  
15          shareholders' agreements, ~~and~~ other applicable documents, and all amendments to  
16          such documents.

17           (2) The bylaws, rules, regulations, or similar documents regulating the  
18          internal affairs of the pharmacy services administrative organization.

19           (3) The names, addresses, official positions, and professional qualifications  
20          of the individuals who are responsible for the conduct of affairs of the pharmacy  
21          services administrative organization; including all members of the board of directors,  
22          board of trustees, executive committee or other governing board or committee, the  
23          principal officers in the case of a corporation or the partners or members in the case  
24          of a partnership or association, shareholders holding directly or indirectly ten percent  
25          or more of the voting securities of the pharmacy services administrative  
26          organization, and any other person who exercises control or influence over the affairs  
27          of the pharmacy services administrative organization.

1           (4) An affidavit signed by the president or other authorized officer stating  
2           that the pharmacy services administrative organization has its latest financial  
3           statement available for inspection by the commissioner.

4           (5) Summary information concerning its business organization and  
5           employees sufficient to fulfill the requirements of this Part.

6           (6) Such other pertinent information as may be required by the commissioner.

7           C. Upon request by the commissioner, the applicant shall make available for  
8           inspection by the commissioner copies of contracts with pharmacists, pharmacies,  
9           pharmacy benefit managers, or other persons utilizing the services of the pharmacy  
10          services administrative organization in order to determine qualification for licensure.

11          D. The commissioner may refuse to issue a license if the commissioner  
12          determines that the pharmacy services administrative organization; or any individual  
13          responsible for the conduct of affairs of the pharmacy services administrative  
14          organization as defined in this Part; is not competent, trustworthy, financially  
15          responsible or of good personal and business reputation, or has had an insurance or  
16          a pharmacy services administrative organization license denied or revoked for cause  
17          by any state.

18          E. A license issued pursuant to this Section shall remain valid, unless  
19          surrendered, suspended, or revoked by the commissioner; as long as the pharmacy  
20          services administrative organization continues in business in this state and remains  
21          in compliance with this Part.

22          F. A pharmacy services administrative organization is not required to hold  
23          a license as a pharmacy services administrative organization in this state if the  
24          pharmacy services administrative organization meets both of the following  
25          conditions:

26                (1) The pharmacy services administrative organization has its principal place  
27                of business in another state.

28                (2) The pharmacy services administrative organization is not soliciting  
29                business as a pharmacy services administrative organization in this state.

1           G. On an annual basis, a licensed pharmacy services administrative  
2 organization shall notify the commissioner if there is any material change in fact or  
3 circumstance affecting its qualification for a license in this state. The notice shall  
4 include any documentation as the commissioner may require upon a form to be  
5 furnished by the commissioner.

6                                   \*       \*       \*

7           §1660.9. Duties and responsibilities; nonimposition of liability; rulemaking authority

8           A. A pharmacy services administrative organization that contracts with a  
9 pharmacy to perform any activity related to prescription drug benefits or to act as the  
10 pharmacy's agent is obligated to that pharmacy for the duties of care, competence,  
11 good faith and fair dealing, and loyalty.

12           B. A pharmacy services administrative organization is not responsible for  
13 any of the activities that are solely within the purview of a pharmacy ~~benefits~~ benefit  
14 manager.

15           C. The commissioner of insurance shall promulgate rules that define the  
16 roles and responsibilities solely within the purview of both of the following:

17               (1) Pharmacy ~~benefits~~ benefit managers.

18               (2) Pharmacy services administrative organizations.

19           D. A pharmacy services administrative organization shall notify the  
20 contracted pharmacy in writing of any activity, policy, or practice that presents a  
21 conflict of interest that interferes with the duties imposed by this Section.

22           E. A pharmacy services administrative organization shall not engage in any  
23 acts, methods, or practices prohibited by Part IV of Chapter 7 of this Title.

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#### 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)]

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HB 674 Original

2022 Regular Session

Jordan

**Abstract:** Modifies the Louisiana Pharmacy Services Administrative Organization Licensing Act.

Present law provides for the licensing and regulation of pharmacy services administrative organizations. Provides for definitions, fees, filing requirements, penalties, and authorized examinations by the commissioner. Proposed law provides for technical changes and otherwise retains present law.

(Amends R.S. 22:1660.1, 1660.2, and 1660.9)