



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 99** SLS 22RS 366
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 1, 2022 12:07 PM **Author:** MILLS, FRED
Dept./Agy.: Louisiana Board of Pharmacy **Analyst:** Shane Francis
Subject:

HEALTH CARE EN +\$16,500 SG RV See Note Page 1 of 1
 Provides relative to permits issued by the Louisiana Board of Pharmacy. (8/1/22)

Proposed legislation would require Pharmacy Benefit Managers (PBMs) to obtain and maintain a permit from the Board of Pharmacy to perform pharmacy services in the State of Louisiana. Present law allows PBMs to do so by choice.

EXPENDITURES	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						
REVENUES	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$16,500	\$16,500	\$16,500	\$16,500	\$16,500	\$82,500
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$16,500	\$16,500	\$16,500	\$16,500	\$16,500	\$82,500

EXPENDITURE EXPLANATION

While proposed legislation will likely increase the volume of PBM permit requests, the Louisiana Board of Pharmacy claims this increase in workload will be marginal and can be absorbed by existing capacity.

Adopted house committee amendments in Health & Welfare create a process of appeals for PBMs facing adverse disciplinary actions that may result in the suspension or termination of their pharmacy benefit permit. This process requires an independent third-party adjudicator with the Division of Administrative Law (DAL) and the ruling of the administrative law judge may be appealed by the non-prevailing party. The Legislative Fiscal Office cannot anticipate the number of administrative hearings that will actually occur. To the extent there are administrative hearings, the current DAL rates are \$160.82 per judicial hour and \$86.27 per clerical hour.

REVENUE EXPLANATION

The Louisiana Board of Pharmacy estimates 45 PBM firms to be active within the state, 12 of which currently maintain permits. Proposed legislation requiring permitting is unlikely to lower the amount of firms active in Louisiana, and so it is anticipated that this measure would induce 33 more permit applications. The fee for a PBM permit is \$500 per year. If all PBMs obtain a permit, this would provide an increase of \$16,500 per year in additional self-generated revenue for the board.

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}

Evan Brasseaux

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Interim Deputy Fiscal Officer