
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 704 Reengrossed

2024 Regular Session

Chassion

Abstract: Provides a quality incentive pilot program for pharmacy benefit managers.

Present law provides for the licensing of pharmacy benefit managers (PBMs) by the commissioner of insurance (commissioner).

Proposed law (R.S. 22:1657.2) retains present law and requires each PBM licensed by the commissioner to develop a quality incentive pilot program in consultation with a plan sponsor to provide incentive payments to eligible independent network pharmacies for meeting benchmarks or complying with strategies aimed at improving the health of La. residents covered by the PBM.

Proposed law provides that the quality incentive pilot program should focus on the health concerns most affecting La. residents, may be designed in consultation with La. colleges of pharmacy, and may reflect the unique needs of the state as designated by each of the nine La. Dept. of Health regions.

Proposed law requires a PBM to report to the commissioner, on or before Oct.1, 2024, the details of its program and provides minimum reporting requirements. Further requires the program to be implemented on the following Jan. 1, 2025.

Proposed law requires, on or before April 1st of the following year, a PBM to report to the commissioner the results of its quality incentive criteria from the previous calendar year. Proposed law further provides for the minimum content of the report.

Proposed law provides that the PBM quality incentive program is strictly voluntary and prohibits an independent network pharmacy from incurring any penalty for participation or nonparticipation.

Proposed law requires a PBM to disclose to a pharmacy all terms of a pharmacy's participation, including but not limited to incentives and expenses, prior to a pharmacy agreeing to participate. Further prohibits a PBM from using direct or indirect remuneration as a penalty or means of implementing the terms agreed upon with the pharmacy regarding participation.

Proposed law provides for additional parameters of the PBM quality incentive program, including the use of education and training programs.

Present law exempts Medicaid managed care organizations from certain provisions of the La. Insurance Code. Proposed law retains present law and provides that Medicaid managed care

organization PBMs are exempt from proposed law.

Proposed law requires exempt PBMs to submit a notice of exemption to the commissioner and provides that the PBM is no longer exempt if it renders services to La. residents who are not enrolled in the Medicaid program.

Proposed law does not expand the scope of practice of a participating pharmacist.

Proposed law defines "independent network pharmacy" as a pharmacy operating within the state which is a member of a PBM's network, considered to be in good standing by the PBM, and under common ownership with not more than two other pharmacies.

Proposed law (R.S. 22:1657.2) terminates on Jan. 1, 2028.

Present law (R.S. 22:1860.2) prohibits the charge of certain pharmacy claim fees. Proposed law modifies present law to authorize the charge of such pharmacy claim fees.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 22:1860.2(A)(intro. para.); Adds R.S. 22:1657.2)

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Specify the quality incentive program of proposed law as a pilot program.
2. Prohibit a pharmacy from being penalized or incurring a financial penalty regardless of participation in a quality incentive program.
3. Require a PBM to disclose to a pharmacy all terms of a pharmacy's participation, including but not limited to incentives and expenses, prior to the pharmacy agreeing to participate in a quality incentive program.
4. Prohibit a PBM from using direct or indirect remuneration or clawbacks as a penalty or means of implementing the terms agreed upon with the pharmacy regarding participation in a quality incentive program.
5. Terminate proposed law (R.S. 22:1657.2) on Jan. 1, 2028.
6. Modify present law (R.S. 22:1860.2) to authorize the charge of certain pharmacy claim fees.
7. Make technical changes.