

GREEN SHEET REDIGEST

HB 264

2025 Regular Session

Echols

INSURANCE/HEALTH: Provides for transparency and compensation practices relative to pharmacy benefit managers.

DIGEST

Present law defines "aggregate retained rebate percentage", "health benefit plan", "health insurance issuer", and "rebates".

Proposed law repeals present law and defines the following terms: "effective rate pricing", "health benefit plan", "health insurance issuer", "local pharmacy", "maximum allowable cost list", "NDC", "pharmacist", "pharmacist services", "pharmacy", "pharmacy benefit manager", "pharmacy benefits plan", "rebates", "specialty drug", and "spread pricing".

Present law prohibits a pharmacy benefit manager from conducting or participating in spread pricing unless the pharmacy benefit manager provides written notice to the policyholder.

Proposed law repeals the exception for when written notice is provided to completely prohibit a pharmacy benefit manager from participating in spread pricing. Further prohibits a pharmacy benefit manager from using effective rate pricing for a local pharmacy.

Present law prohibits a pharmacy benefit manager or person acting on behalf of a pharmacy benefit manager from reimbursing a pharmacy or pharmacist in this state an amount less than the acquisition cost for the covered drug, device, or service, provided the contracted pharmacist or pharmacy does not own more than five shares or a five percent interest in a pharmaceutical wholesale group purchasing organization or vendor of any covered drug, device, or service.

Proposed law retains present law but widens the applicability to reimbursement for any contracted pharmacist or local pharmacy.

Proposed law requires a pharmacy benefit manager to meet certain requirements, including but not limited to a reimbursement formula and appeals process, for reimbursement of claims submitted by any local pharmacy to a pharmacy benefit manager administering claims on behalf of a health plan, except for the office of group benefits. Further defines "acquisition cost", "adjustment", "claim payment error", and "reimbursement formula".

Proposed law authorizes the commissioner of insurance to review the compensation program of a pharmacy benefit manager or person acting on behalf of pharmacy benefit manager to ensure that reimbursements are fair and reasonable. Further provides that information submitted by a pharmacy benefit manager and specifically identified by the pharmacy benefit manager as confidential is not subject to disclosure. However, the commissioner may disclose confidential information to insurance departments of other states or for the purposes of any adjudicatory hearing or court proceeding invoked by the commissioner.

Present law requires each pharmacy benefit manager licensed by the commissioner of insurance to submit an annual transparency report as a condition of maintaining licensure. Further provides that the transparency report shall contain certain specific data for each of the pharmacy benefit manager's contractual or other relationships with a health benefit plan or health insurance issuer:

Proposed law retains present law but amends and expands the information required to be in the transparency report. Further allows the commissioner to examine the books or records of a pharmacy benefit manager to determine the accuracy of the transparency report.

Proposed law provides that a pharmacy benefit manager may negotiate but shall not retain any portion of rebates received from a drug manufacturer. Further requires all manufacturer rebates to be passed through to the plan sponsor and all pharmacy benefit management fees to be disclosed in writing and set forth clearly in the contract between the pharmacy benefit

manager and the insurer or health plan. Provides that any violation of proposed law is an unfair or deceptive act or practice in the business of insurance subject to all enforcement authority granted to the commissioner.

Present law creates the pharmacy benefit manager monitoring advisory council and provides for the membership of the council.

Proposed law specifies that the council is established within the Dept. of Insurance and decreases the membership of the council from 25 members to 13 members.

Present law prohibits a pharmacy benefit manager from directly or indirectly engaging in patient steering to a pharmacy in which the pharmacy benefit manager maintains an ownership interest or control without making a written disclosure and receiving acknowledgment from the patient.

Proposed law repeals the exception for when written disclosure is provided to completely prohibit a pharmacy benefit manager from participating in patient steering; however, proposed law allows a pharmacy benefit manager to implement copay assistance benefit plans, also known as copay maximizer plans, for use by its insured members, as permitted by federal law.

Effective upon signature of the governor or lapse of time for gubernatorial action; however, enforcement of certain provisions shall begin on January 1, 2027.

(Amends the heading of Subpart C-1 of Part II of Chapter 6 of Title 22 of the La. Revised Statutes of 1950, R.S. 22:1863, 1865(Section heading), and 1867, R.S. 40:2869(A) and (B) and 2870(A)(4) and (5)(a), and R.S. 44:4.1(B)(11); adds R.S. 22:1868, 1868.1, 1869, and 1870; repeals R.S. 22:1657.1, 1860.3(E), and R.S. 40:2870(A)(5)(b))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Redefine the term "rebate".
2. Authorize the commissioner to examine books, records, and reports of pharmacy benefit managers (PBMs) and review and approve the compensation programs of PBMs to ensure that reimbursements paid to pharmacists or pharmacies are fair and reasonable.
3. Provide that information submitted by PBMs to the commissioner is confidential under the Public Records Law; however, the commissioner is authorized to disclose confidential information to insurance departments in other states or for the purposes of certain hearings and proceedings.
4. Make technical changes.

The Committee Amendments Proposed by House Committee on House and Governmental Affairs to the engrossed bill:

1. Revise language establishing the confidentiality of information submitted by PBMs.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the reengrossed bill

1. Define key terms.
2. Remove exception to prohibition on spread pricing.

3. Prohibit the use of effective rate pricing for a local pharmacy.
4. Expand the applicability of the prohibition against reimbursements less than the acquisition cost of a covered drug, device, or service.
5. Establish requirements for reimbursement of claims submitted by a local pharmacy, including a reimbursement formula and appeals process.
6. Authorize the commissioner to review a compensation program to ensure reasonableness and fairness.
7. Provide for confidentiality and limited disclosure of confidential information submitted to the commissioner.
8. Amend and expand the information required to be in the annual transparency report.
9. Authorize the commissioner to determine the accuracy of the transparency report.
10. Allow a pharmacy benefit manager to negotiate rebates but prohibit retention of any portion by the PBM.
11. Specify that the pharmacy benefit manager monitoring advisory council is domiciled within the Dept. of Insurance.
12. Decrease the number of members on the council.
13. Remove exception to prohibition on patient steering.
14. Allow a pharmacy benefit manager to implement a copay assistance benefit plan.
15. Make proposed law effective upon signature of the governor.
16. Provide enforcement of certain provisions of proposed law begin on Jan. 1, 2027.
17. Make technical changes.