

2026 Regular Session

HOUSE BILL NO. 1217

BY REPRESENTATIVE ECHOLS

HEALTH: Provides with respect to pharmacy benefit managers

1 AN ACT

2 To amend and reenact R.S. 40:2864(A) and to enact R.S. 22:1868.2 through 1868.15 and
3 R.S. 40:2863(10) and 2864(D) and (E), relative to pharmacy benefit managers,
4 insurers, and third-party administrators; to enhance transparency, reporting, and
5 disclosure of affiliated entities; to establish audit and enforcement authority; to
6 provide for civil penalties, treble damages, and cost recovery; to create the Pharmacy
7 Benefit Enforcement Fund; to provide for oversight and accountability in pharmacy
8 benefit management; to provide for definitions; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 22:1868.2 through 1868.15 are hereby enacted to read as follows:

11 §1868.2. Legislative intent

12 A. The legislature declares that the purpose of this Act is to:

13 (1) Promote full transparency and accountability in pharmacy benefit
14 management, including disclosure of affiliated and related entities, financial
15 relationships, and services provided.

16 (2) Address gaps in enforcement, affiliated entity transactions, and self-
17 funded plan arrangements not fully captured under existing law.

18 (3) Provide meaningful enforcement mechanisms to ensure compliance.

19 B. This Act shall be interpreted in pari materia with existing provisions of
20 Title 22 and shall not be construed to limit or replace any requirement therein.

1 §1868.3. Applicability2 This Part applies to:3 (1) Pharmacy Benefit Managers (PBMs).4 (2) Health insurers.5 (3) Health Maintenance Organizations (HMOs).6 (4) Third-party administrators (TPAs).7 (5) Any affiliate or related entity providing pharmacy-related services.8 (6) Fully insured plans.9 (7) Self-funded (ASO) plans.10 (8) Government-sponsored programs administered in Louisiana.11 §1868.4. Affiliate and related-entity transparency12 A. All PBMs and insurers shall disclose all affiliated or related entities
13 involved in pharmacy-related services, including the complete corporate vertical
14 integration structure of all components related to the PBM, insurer, group purchasing
15 organization and manufacturer.16 B. All PBMs and insurers shall disclose all affiliated entities involved in:17 (1) Specialty pharmacy.18 (2) Mail-order pharmacy.19 (3) Rebate aggregation.20 (4) Data analytics.21 (5) Utilization management.22 (6) Prior authorization services.23 C. Disclosures shall include ownership structure, financial relationships, and
24 revenue flows between entities.25 D. Any compensation flowing through an affiliated entity shall be deemed
26 PBM compensation for regulatory purposes.27 §1868.5. ASO and self-funded plan transparency28 A. PBMs and insurers administering self-funded plans shall provide an
29 annual full financial reconciliation to plan sponsors, including identification of all

1 fees, rebates, administrative offsets, negotiated price concessions, performance-based
2 price concessions, and affiliated-entity payments. PBMs shall disclose all pharmacy
3 benefit management fees in writing and shall certify annually under oath that all
4 rebates have been passed through to the plan sponsor as required. All information
5 shall be subject to audit by the commissioner.

6 B. No contract provision shall:

7 (1) Restrict a plan sponsor's access to claims-level data.

8 (2) Prohibit disclosure to regulators.

9 §1868.6. Enhanced claims-level reporting

10 A. PBMs and insurers shall file quarterly claims-level reports with the
11 commissioner and the attorney general.

12 B. PBMs and insurers shall file quarterly claims-level reports with the
13 commissioner and the attorney general. Reports shall include billed and paid
14 amounts, all direct and indirect remuneration, identification of affiliated entities
15 involved in each transaction, post-sale adjustments, and any negotiated price
16 concessions or performance-based price concessions associated with the claim.
17 Reports shall also include the total reimbursement paid to network pharmacies in this
18 state, identified by local and non-local pharmacy. All information shall be subject
19 to examination by the commissioner.

20 §1868.7. Prohibition on indirect spread and recharacterization

21 A. No PBM or insurer shall recharacterize spread pricing through
22 administrative fees, affiliate payments, data charges, or service charges.

23 B. Any such recharacterization shall constitute a violation of this Section, and
24 shall be treated as an unfair or deceptive act or practice subject to all enforcement
25 authority granted to the commissioner under Title 22, including restitution,
26 disgorgement, and treble damages where applicable.

27 §1868.8. Audit and examination authority

1 A. The commissioner and the attorney general shall have authority to conduct
2 forensic financial audits, examine affiliated entities, and review intercompany
3 transactions.

4 B. PBMs and insurers shall maintain records sufficient to trace all revenue
5 streams and identify all sources of compensation.

6 §1868.9. Enforcement authority

7 A. The attorney general shall have concurrent jurisdiction with the
8 commissioner to enforce this Part.

9 B. The attorney general may initiate civil enforcement actions, subpoena
10 records, and seek injunctive relief.

11 §1868.10. Civil penalties

12 A. Any violation of this Section shall result in a minimum civil penalty of
13 one million dollars per violation and shall constitute an unfair or deceptive act or
14 practice subject to all enforcement authority granted to the commissioner and the
15 attorney general, including restitution, disgorgement, and treble damages for
16 knowing or willful violations.

17 B. Each of the following constitutes a separate violation:

18 (1) Each claim involving undisclosed remuneration.

19 (2) Each failure to disclose affiliated relationships.

20 (3) Each failure to provide required reporting.

21 C. Courts may order restitution and disgorgement of profits.

22 §1868.11. Treble damages

23 For knowing or willful violations, courts may impose treble damages.

24 §1868.12. Pharmacy benefit enforcement fund

25 A. The Pharmacy Benefit Enforcement Fund is hereby created and shall be
26 administered by the attorney general.

27 B. The fund shall consist of civil penalties, settlements, and cost recoveries.

28 C. Monies in the fund may be used for investigations, litigation, regulatory
29 enforcement, and consumer protection.

1 upholding a duty of loyalty, prudence, and good faith toward health plans or plan
2 sponsors while delivering pharmacy benefit management services.

3 * * *

4 D. Disclosure requirements applicable to pharmacy benefit managers and
5 insurers shall be governed by R.S. 22:1868.4.

6 E. Any compensation flowing through an affiliated entity shall be deemed
7 PBM compensation for regulatory purposes.

8 Section 3. This Act shall become effective upon signature by the governor or, if not
9 signed by the governor, upon expiration of the time for bills to become law without signature
10 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
11 vetoed by the governor and subsequently approved by the legislature, this Act shall become
12 effective on the day following such approval.

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 1217 Original

2026 Regular Session

Echols

Abstract: Provides for transparency, accountability, and enforcement mechanisms related to pharmacy benefit managers, insurers, health maintenance organizations, third-party administrators, and their affiliates.

Proposed law strengthens transparency, reporting, and enforcement requirements applicable to pharmacy benefit managers (PBMs), insurers, health maintenance organizations, third-party administrators, and affiliated entities.

Proposed law requires PBMs and insurers to disclose all affiliated or related entities involved in pharmacy-related services. Disclosures must include the complete corporate vertical integration structure of all components related to the PBM, insurer, group purchasing organization, manufacturer, wholesale distributor, specialty or mail-order pharmacy, retail or long-term care pharmacy, and provider. Disclosures must also identify each service provided by an affiliate or subsidiary, the number of such services, by whom they were provided, and the dollar amounts associated with those services. All compensation flowing through an affiliated entity is deemed PBM compensation for regulatory purposes.

Proposed law requires PBMs and insurers administering self-funded plans to provide an annual full financial reconciliation to plan sponsors, including identification of all fees, rebates, administrative offsets, negotiated price concessions, performance-based price concessions, and affiliated-entity payments. Prohibits contract provisions restricting access to claims-level data or limiting disclosure to regulators.

Proposed law requires quarterly claims-level reporting to the commissioner and attorney general, including billed and paid amounts, all direct and indirect remuneration, affiliated entities involved in each transaction, post-sale adjustments, and negotiated or

performance-based price concessions. Requires reporting of total reimbursement paid to network pharmacies in the state, identified by local and non-local pharmacy. Authorizes the commissioner to examine books and records to verify accuracy.

Proposed law prohibits recharacterization of spread pricing through administrative fees, affiliate payments, data charges, or service charges. Provides that such conduct constitutes an unfair or deceptive act or practice subject to enforcement by the commissioner and attorney general, including restitution, disgorgement, and treble damages for knowing or willful violations.

Proposed law grants the commissioner and attorney general authority to conduct forensic financial audits, examine affiliated entities, and review intercompany transactions. Establishes concurrent enforcement jurisdiction for the attorney general and authorizes civil actions, subpoenas, and injunctive relief.

Proposed law establishes a minimum civil penalty of \$1,000,000 per violation. Each undisclosed remuneration, failure to disclose an affiliated relationship, or failure to provide required reporting constitutes a separate violation. Authorizes restitution, disgorgement, treble damages for knowing or willful violations, and recovery of attorney fees, investigative costs, and expert fees.

Proposed law creates the Pharmacy Benefit Enforcement Fund, funded by civil penalties, settlements, and cost recoveries, and authorizes its use for investigations, litigation, regulatory enforcement, and consumer protection.

Proposed law provides whistleblower protections and authorizes awards of up to 25% of recovered funds. Prohibits evasion through affiliates, subcontractors, recharacterization of payments, or multi-entity arrangements.

Proposed law adds a definition of “fiduciary” specific to PBMs, requiring a duty of loyalty, prudence, and good faith toward health plans or plan sponsors when performing pharmacy benefit management services.

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

(Amends R.S. 40:2864(A); Adds R.S. 22:1868.2-1868.15 and R.S. 40:2863(10) and 2864(D) and (E))