LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **SB 387** SLS 26RS 518

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: May 1, 2026 2:01 PM	**Author:** BASS
Dept./Agy.: Louisiana Department of Insurance	
Subject: Provides relative to pharmacy benefit managers	**Analyst:** Anthony Shamis

HEALTH/ACC INSURANCE RE1 INCREASE SG EX See Note

Provides relative to pharmacy benefit managers. (1/1/28)

Proposed law establishes a duty of care and good faith and fair dealing for pharmacy benefits managers (PBMs) with respect to enrollees, health plans, and providers. Proposed law provides that PBMs shall derive income only from fees for services provided to a health insurance issuer or health plan in this state and prohibits PBMs from retaining rebates or fees. Proposed law allows the Commissioner of Insurance and any health insurance issuer or health plan to audit a PBM once per calendar year. Proposed law requires that any contract between a PBM and a health insurance issuer or health plan that is entered into, extended, or renewed on or after January 1, 2028, specify all forms of revenue, including fees, to be paid by the health insurance issuer or health plan to the PBM and acknowledge that spread pricing is prohibited. Proposed law provides that, in addition to any other civil or criminal penalties authorized by law, a violation of proposed law shall be subject to a civil monetary penalty of $25,000 per violation, assessed by the commissioner, with no aggregate maximum penalty. If the violation is not corrected within 30 days after receipt of notice of the violation by the PBM, the commissioner shall suspend or revoke the PBM's license in accordance with R.S. 49:977.3. Proposed law limits pharmacy claims audits conducted by PBMs to a 12-month period preceding the start of the audit. Proposed law authorizes consolidated appeals to a pharmacy benefit manager (PBM) for substantially similar claims. It also prohibits a PBM from using its formulary to obtain inducements, favor higher-cost drugs over substantially similar lower-cost alternatives, charge amounts exceeding the net acquisition cost, or restrict the use of certain pharmacies. Effective date is contingent upon the enactment of SB 401 of the 26 RS.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	**INCREASE**	**INCREASE**	**INCREASE**	**INCREASE**	**$0**
Ded./Other	$0	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**					**$0**

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**					**$0**

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase SGR expenditures by an indeterminable amount within the Louisiana Department of Insurance (LDI) and the Office of Group Benefits (OGB) beginning in FY 28. LDI anticipates a $2.3 M increase in SGR expenditures in FY 28, with costs increasing in future fiscal years (see Table on page 2). The department will need to create a new PBM enforcement section with six (6) additional T.O. positions and associated operating expenses, professional services contracts, and equipment costs. **Note: Increased SGR expenditures within LDI result in less monies reverted to SGF at the end of the fiscal year.** OGB anticipates an indeterminable impact to SGR expenditures related to prescription drug manufacturer rebate receipts and administrative fees paid to PBMs.

LDI ($2.3 M SGR):
Proposed law is anticipated to increase SGR expenditures within LDI by $2.3 M in FY 28, with costs increasing in future fiscal years. This increase is associated with the creation of a pharmacy benefit manager (PBM) enforcement section within the LDI's Office of Health, Life, and Annuity in order to increase the regulatory oversight of PBMs within the agency. LDI reports it will need to add six (6) T.O. positions, including one (1) Pharmacist Chief Compliance Officer T.O. position, one (1) Pharmacist Compliance Officer T.O. position, one (1) Insurance Supervisor T.O. position, two (2) Insurance Specialist 4 T.O. positions, and one (1) Attorney 4 T.O. position, along with associated operating and professional services expenses and one-time equipment cost.

The LFO is unable to corroborate the estimated staffing level and operating expenses projected by LDI. While the LFO acknowledges that proposed law will result in increased workload for LDI and create an audit and enforcement duty regarding PBMs, to the extent the required staffing levels may be lower or higher, corresponding operating costs would shift accordingly. To the extent that a portion of the prescribed duties can be absorbed by existing staff and resources, a portion of the projected costs may be mitigated. Should additional information regarding estimated expenditures become available, this fiscal note will be updated.

Personnel Costs ($926,312 SGR):
LDI reports that salaries and related benefits associated with the addition of six (6) T.O. positions for the creation of a PBM enforcement section will total $926,312, including $629,221 in salaries and $297,091 in related benefits, for FY 28. A 4% growth factor is applied to these personnel costs in subsequent fiscal years.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law is anticipated to have an indeterminable impact on Statutory Dedication revenue within LDI and SGR within OGB. LDI indicates that any fines or penalties collected pursuant to the proposed law are indeterminable. The LFO assumes fines will be deposited into the Pharmacy Benefits Manager Enforcement Fund in accordance with La R.S. 22:1870.1, and used first to provide for the expenses of the commissioner of insurance and the attorney general. Proposed law may have an indeterminable impact on SGR within OGB related to prescription drug manufacturer rebate receipts and administrative fees paid to contracted PBMs.

Senate	Dual Referral Rules	House
[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}		[ ] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}		[ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Operating Expenses ($36,702 SGR):
LDI anticipates operating expenses of $36,702 in FY 28, including $3,864 in office supplies and $32,838 in operating services (postage: $822; telephone/data ports: $2,124; printing: $600; equipment maintenance: $3,084; security: $6,570; risk management: $8,280; civil service: $2,382; UPS: $336; and software licenses: 8,640). These operating expenses are also projected to increase by 4% annually beginning in FY 29.

Professional Services ($1,287,360 SGR):
LDI anticipates professional service expenses of $1.3 M in FY 28, including one-time computer programming cost of $75,360 (628 hours x $120 per hour) for the development of a submission portal to support intake, review, communication search, notifications, and internal documentation functions, plus $12,000 per year ongoing maintenance costs (100 hours annually at $120 per hour). Additionally, an Accounting and Auditing Examinations contract of $1.2 M per year is needed for transparency audits into the pharmacy supply chain and to provide specialized expertise to review complex PBM financial and pricing arrangements beyond LDI's existing internal capacity. A 4% growth factor is applied to these costs in subsequent fiscal years.

Equipment Costs ($15,470 SGR):
LDI further estimates the purchase of one-time equipment costs of $15,470 in FY 28, including desks ($3,100), chairs ($1,900), personal computers/printers ($9,000), and file cabinets ($1,470). These costs are not anticipated to recur in subsequent fiscal years, other than by the department's regular replacement schedule for I.T. equipment (assumed to recur every 5+ years).

EXPENDITURES					
Personal Services	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
Six (6) T.O. Positions	$0	$926,312	$963,364	$1,001,899	$1,041,975
Operating Expenses	$0	$36,702	$38,170	$39,697	$41,285
Professional Services	$0	$1,287,360	$1,260,480	$1,310,899	$1,363,335
Equipment	$0	$15,470	$0	$0	$0
Total Expenditures	**$0**	**$2,265,844**	**$2,262,014**	**$2,352,495**	**$2,446,595**
T.O.	0	6	6	6	6

OGB (SGR):
OGB reports that this legislation may have an indeterminable impact on OGB prescription drug rebate receipts and administrative fees paid to PBMs. Per OGB's contracted PBM Livinti, which provides PBM services for OGB self-funded health plan members not enrolled in Medicare Part-D, the change in the definition of "rebates" could affect how rebate aggregation entities and group purchasing organizations (GPOs) structure their compensation. Livinti believes that rebate aggregators and GPOs may switch their compensation model from retaining a portion of collected manufacturer rebates to instead begin charging a fixed administrative fee. OGB reports that the overall impact of this potential shift is unknown at this time.

Senate Dual Referral Rules	House
[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}	[ ] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}	[ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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