

2018 Regular Session

SENATE BILL NO. 130

BY SENATOR MILLS

MEDICAID. Provides relative to contracts for Medicaid pharmacy benefit management services. (8/1/18)

1 AN ACT

2 To enact Subpart L of Part III of Chapter 17 of Subtitle III of Title 39 of the Louisiana  
3 Revised Statutes of 1950, to be comprised of R.S. 39:1648, relative to Medicaid  
4 payments for pharmacy benefit manager services; to provide for managed care  
5 contracts; to provide for Medicaid managed care subcontracts; and to provide for  
6 related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. Subpart L of Part III of Chapter 17 of Subtitle III of Title 39 of the  
9 Louisiana Revised Statutes of 1950, comprised of R.S. 39:1648, is hereby enacted to read  
10 as follows:

11 **SUBPART L. MEDICAID MANAGED CARE**

12 **§1648. Medicaid contracts or subcontracts for pharmacy benefit manager**  
13 **services**

14 **A. Contracts for pharmacy benefit manager services, either directly with**  
15 **the Louisiana Department of Health or as a subcontractor or subsidiary of a**  
16 **managed care organization that has a contract with the Louisiana Department**  
17 **of Health, shall be awarded based only on the following provisions:**

1           (1) Any contract for pharmacy benefit manager services shall be limited  
2           to a transaction fee only, based on a set rate established by the Louisiana  
3           Department of Health to be paid to the pharmacy benefit manager for each  
4           Medicaid pharmacy claim processed.

5           (2) No pharmacy benefit manager may retain any portion of state  
6           supplemental rebates submitted to the state by any pharmaceutical  
7           manufacturer.

8           (3) No pharmacy benefit manager may retain any portion of "spread  
9           pricing". For purposes of this Section, "spread pricing" shall mean any amount  
10           charged or claimed by a pharmacy benefit manager to a managed care  
11           organization that is in excess of the amount paid to the pharmacy that filled the  
12           prescription.

13           B. Any Louisiana Department of Health contract in existence on August  
14           1, 2018, with a pharmacy benefit manager or with a managed care organization  
15           that subcontracts or has a subsidiary pharmacy benefit manager shall be  
16           amended to comply with the provisions of this Section. The department shall  
17           terminate the contract with any managed care organization or pharmacy  
18           benefit manager who is not willing to amend their contract to comply with the  
19           provisions of this Section, and the provision of this service shall be opened for  
20           bid to other pharmacy benefit managers in accordance with the Louisiana  
21           Procurement Code, R.S. 39:1551 et seq.

22           C. After August 1, 2018, any subsequent requests for proposal issued by  
23           the Louisiana Department of Health for Medicaid managed care organization  
24           services shall not include the provision of pharmacy or pharmacy benefit  
25           manager services. The Louisiana Department of Health shall issue a requests  
26           for proposal for a single state Medicaid pharmacy benefit manager that  
27           complies with the provisions of Subsection A of this Section.

28           D. Nothing in this Section shall prevent the Louisiana Department of  
29           Health from amending pharmacy services out of its current Medicaid managed

1           care organization contracts and providing those services under a single  
 2           pharmacy benefit manager so long as such action is in compliance with the  
 3           Louisiana Procurement Code and the contract requirements set forth in  
 4           Subsection A of this Section.

5                   E. The Louisiana Department of Health shall promulgate rules as may  
 6           be necessary to comply with the provisions of this Section in accordance with  
 7           the Administrative Procedure Act, R.S 49:950 et seq.

---

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Christine Arbo Peck.

---

SB 130 Original	DIGEST 2018 Regular Session	Mills
-----------------	--------------------------------	-------

Proposed law requires Medicaid pharmacy benefit manager contracts to be limited to a set per transaction rate for every pharmacy claim paid. Proposed law prohibits pharmacy benefit managers from retaining federal drug rebates or "spread pricing" amounts in excess of what they paid the pharmacist.

Proposed law requires the Louisiana Department of Health (LDH) to amend current contracts to comply with these provisions. Proposed law requires LDH to terminate the contract of any managed care organization or pharmacy benefit manager who does not wish to adhere to these contract provisions and issue a request for proposal to other pharmacy benefit managers.

Proposed law requires LDH, after August 1, 2018, to issue separate requests for proposal for a single pharmacy benefit manager upon subsequently issuing requests for proposal for Medicaid managed care organizations. Proposed law allows LDH to issue a requests for proposal for a single pharmacy benefit manager sooner so long as it complies with the Louisiana Procurement Code and the contracting requirements of proposed law.

Effective August 1, 2018.

(Adds R.S. 39:1648)