

2021 Regular Session

HOUSE BILL NO. 244

BY REPRESENTATIVE TURNER

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE/HEALTH: Provides for the regulation of pharmacy services administrative organizations

1 AN ACT

2 To enact Part III-A of Chapter 5 of Title 22 of the Louisiana Revised Statutes of 1950, to be  
3 comprised of R.S. 22:1660.1 through 1660.6, relative to pharmacy services  
4 administrative organizations; to provide for definitions; to require registration and  
5 licensing; to provide for duties and responsibilities; to provide for contractual  
6 agreements; to provide for fee reimbursement; to provide for penalties; and to  
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. Part III-A of Chapter 5 of Title 22 of the Louisiana Revised Statutes of  
10 1950, comprised of R.S. 22:1660.1 through 1660.6, is hereby enacted to read as follows:

11 PART III-A. PHARMACY SERVICES ADMINISTRATIVE ORGANIZATIONS

12 §1660.1. Short title; definitions

13 A. This Part may be cited as the "Louisiana Pharmacy Services  
14 Administrative Organization Licensing Act".

15 B. As used in this Part, the following definitions apply:

16 (1) "Pharmacy services administrative organization" means an entity that  
17 provides a contracted pharmacy with administrative, contracting, or payment  
18 services relating to prescription drug benefits.

19 (2) "Pharmacy services administrative organization contract" means a  
20 contractual agreement between a pharmacy services administrative organization and

1 a pharmacy under which a pharmacy services administrative organization agrees to  
2 negotiate with pharmacy benefit managers or third-party payers on behalf of one or  
3 more pharmacies.

4 §1660.2. Licensing requirements; prohibitions

5 A. Every pharmacy services administrative organization that does business  
6 in this state or provides a contracted pharmacy with administrative, contracting, or  
7 payment services relating to prescription drug benefits shall be registered and  
8 licensed by the Department of Insurance.

9 B. An applicant for registration shall file with the commissioner of insurance  
10 an application on a form provided by the commissioner and shall pay to the  
11 commissioner a registration fee set by the commissioner.

12 C. A pharmacy services administrative organization that is not registered and  
13 licensed by the commissioner shall not enter into an agreement or contract with a  
14 pharmacy in this state.

15 D. Every pharmacy services administrative organization registered and  
16 licensed by the Department of Insurance is subject to the provisions of Chapter 36  
17 of Title 40 of the Louisiana Revised Statutes of 1950.

18 §1660.3. Duties

19 A. A pharmacy services administrative organization that contracts with a  
20 pharmacy to perform any activity related to prescription drug benefits or to act as the  
21 pharmacy's agent owes a fiduciary relationship to the pharmacy and is obligated to  
22 that pharmacy for the duties of care, competence, good faith and fair dealing, and  
23 loyalty, and shall avoid conflicts of interests in accordance with the standards of  
24 conduct applicable to a fiduciary in an enterprise of like character or aims. Any  
25 provision of a contract that waives or limits the duties prescribed in this Section is  
26 void.

27 B. A pharmacy services administrative organization shall notify the  
28 contracted pharmacy in writing of any activity, policy, or practice that presents a  
29 conflict of interest that interferes with the duties imposed by this Section.

1           C. A pharmacy services administrative organization shall not engage in any  
2           acts, methods, or practices prohibited by Part IV of Chapter 7 of Title 22 of the  
3           Louisiana Revised Statutes of 1950.

4           §1660.4. Contract requirements

5           A. Any pharmacy services administrative organization contract or change  
6           thereof shall be provided, in full and unredacted, by the pharmacy services  
7           administrative organization to every affected pharmacy in sufficient time, but no less  
8           than ten business days prior to the effective date, for the pharmacy to make an  
9           informed decision as to whether to execute the contract.

10          B. Any provision in a pharmacy services administrative organization  
11          contract that prohibits full disclosure to the pharmacy is void.

12          §1660.5. Reimbursement; fees

13          A. A pharmacy services administrative organization shall remit to a  
14          contracted pharmacy any reimbursements, including sales and use taxes, received on  
15          behalf of the pharmacy within a reasonable amount of time after receipt of the  
16          reimbursement.

17          B. A pharmacy services administrative organization shall not retain any  
18          portion of reimbursements, including dispensing fees, direct or indirect remuneration  
19          fees, sales and use taxes, or any other amount owed to the pharmacy.

20          §1660.6. Penalties

21          If the commissioner of insurance determines that a pharmacy services  
22          administrative organization has violated any provision of this Part, the commissioner  
23          may, after a hearing held in accordance with the Louisiana Insurance Code or the  
24          Administrative Procedure Act, suspend, revoke, or place on probation the license of  
25          a pharmacy services administrative organization.

26          Section 2. The prohibition described in R.S. 22:1660.2(C) as enacted by Section 1  
27          of this Act applies to a pharmacy services administrative organization that is not registered  
28          and licensed by the commissioner of insurance by January 1, 2022.

---

**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 244 Original

2021 Regular Session

Turner

**Abstract:** Provides for the licensing and regulation of pharmacy services administrative organizations.

Proposed law defines "pharmacy services administrative organization" and "pharmacy services administrative organization contract".

Proposed law requires a pharmacy services administrative organization operating within the state of La. to be registered and licensed with the Dept. of Insurance by submission of an application and registration fee to the commissioner of insurance. Further prohibits a pharmacy services administrative organization from entering into an agreement or contract with a pharmacy if such organization is not registered and licensed by Jan. 1, 2022.

Proposed law subjects licensed pharmacy services administrative organizations to present law provisions relative to regulating pharmacy benefit managers (R.S. 40:2861 et seq.).

Proposed law requires a pharmacy services administrative organization that contracts with a pharmacy to exercise certain fiduciary duties of care and avoid conflicts of interests. Further provides that a contractual provision that waives or limits prescribed fiduciary duties is void.

Proposed law requires a pharmacy services administrative organization to notify the contracted pharmacy in writing of any activity, policy, or practice that presents a conflict of interest.

Proposed law prohibits a pharmacy services administrative organization from engaging in any act, method, or practice prohibited by present law provisions of Unfair Trade Practices (R.S. 22:1961 et seq.).

Proposed law requires any pharmacy services administrative organization contract or related change to be provided, in full and unredacted, by the pharmacy services administrative organization to every affected pharmacy in sufficient time but not less than 10 business days prior to the effective date. Further provides that any contractual provision in a pharmacy services administrative organization contract that prohibits full disclosure is void.

Proposed law requires a pharmacy services administrative organization to remit to a contracted pharmacy any reimbursements, including sales and use taxes, received on behalf of a pharmacy within a reasonable amount of time after receipt of the reimbursement.

Proposed law prohibits a pharmacy services administrative organization from retaining any portion of reimbursements, including dispensing fees, direct or indirect remuneration fees, sales and use taxes, or any other amount owed to a pharmacy.

Proposed law authorizes the commissioner of insurance, in accordance with the Louisiana Insurance Code or the Administrative Procedure Act, to suspend, revoke, or place on probation the license of a pharmacy services administrative organization if such organization is determined by the commissioner to have violated any provision of proposed law.

(Adds R.S. 22:1660.1-1660.6)