

2024 Regular Session

HOUSE BILL NO. 704

BY REPRESENTATIVE CHASSION

PHARMACIES: Creates the pharmacy benefit managers quality incentive program

1 AN ACT

2 To enact R.S. 22:1657.2, relative to pharmacy benefit manager quality incentive programs;
3 to provide for a quality incentive program to be established by licensed pharmacy
4 benefit managers; to provide for legislative findings; to provide for utilization of the
5 expertise of the colleges of pharmacy; to provide for minimum requirements of a
6 program; to provide for reporting to the commissioner of insurance; to provide for
7 voluntary participation by pharmacies; to provide for program parameters; to provide
8 for definitions; to provide for an effective date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 22:1657.2 is hereby enacted to read as follows:

11 §1657.2. Pharmacy benefit manager quality incentive program

12 A. The legislature finds and declares all of the following:

13 (1) Louisiana residents continue to face health challenges according to the
14 2022 Louisiana Department of Health's Health Report Card which shows that
15 Louisiana ranks forty-second in the country for cardiovascular disease, forty-seventh
16 in percentage of adults with obesity, forty-sixth in percentage of adults with diabetes,
17 forty-ninth in rate of low birthweight babies, forty-eighth for sexually transmitted
18 infections, forty-third for substance use disorder, and nearly ten percent of
19 Louisiana's adult population has asthma which results in costly emergency

1 department visits. These chronic diseases and conditions put a strain on the overall
2 wellness of Louisiana residents.

3 (2) The intent of the legislature is to improve the health outcomes of
4 Louisiana residents and one way to address these challenges is a quality incentive
5 program established by licensed pharmacy benefit managers with a focus on
6 increasing patient awareness, expanding pharmacy education, medication adherence,
7 and cost avoidance.

8 (3) In conjunction with health insurance plans, pharmacy benefit managers
9 administer pharmacy benefit plans for Louisiana residents through a contracted
10 network of pharmacies throughout the state. Pharmacy benefit managers support
11 access to quality prescription drug coverage, which enables better health outcomes,
12 secures savings, and promotes competition.

13 (4) Local pharmacists perform direct patient care activities such as
14 counseling, medication management, condition monitoring, and preventative care
15 screenings.

16 (5) There is an opportunity to improve the health outcomes of Louisiana
17 residents served by pharmacy benefit managers and local pharmacies through
18 strengthening the existing relationship between pharmacy benefit managers and local
19 pharmacies with a focus on the best health outcomes for the patient. This can be
20 achieved by creating an affordable future for prescription drugs by promoting
21 pharmacy networks, full availability and use of electronic pharmacy benefit tools and
22 offerings, patient-focused pharmacy care, and advance use of real-world evidence
23 to protect patient safety.

24 (6) To meet these goals and achieve the desired results, the legislature shall
25 implement a Louisiana-specific quality incentive program that prioritizes patient
26 health and rewards pharmacists who participate.

27 B.(1) Each pharmacy benefit manager licensed by the commissioner shall
28 develop a program in consultation with the plan sponsor to provide incentive
29 payments to eligible independent network pharmacies for meeting benchmarks or

1 complying with strategies aimed at improving the health of Louisiana residents
2 covered by the pharmacy benefit manager. The quality incentive program should
3 focus on the health concerns most affecting Louisiana residents and include but not
4 be limited to encouraging the use of new technology and obtaining education on best
5 practices.

6 (2) A pharmacy benefit manager may consult with the University of
7 Louisiana at Monroe College of Pharmacy and the Xavier College of Pharmacy to
8 design a quality incentive program, educate pharmacy students and pharmacists
9 about the value of electronic pharmacy benefit tools, and provide for other
10 educational components of the role of the pharmacist in patient healthcare.

11 (3) Incentive programs may be designed to reflect the unique needs of the
12 state as designated by each of the nine Louisiana Department of Health regions.

13 (4) Each pharmacy benefit manager shall create a toolkit for participating
14 independent network pharmacies that includes the option to display signage that the
15 pharmacy is a quality incentive program participant.

16 (5) A pharmacy benefit manager, in consultation with the plan sponsor, may
17 implement educational and training components into the quality incentive program
18 to educate pharmacists on best practices to reduce or eliminate adverse drug events
19 including but not limited to dispensing errors and drug interactions. In determining
20 success of any educational or training component included in the quality incentive
21 program, the pharmacy benefit manager may request necessary reporting from the
22 pharmacist to verify eligibility to receive the designated quality incentive payment
23 available pursuant to this Paragraph.

24 C.(1) On or before October 1, 2024, and October first of each year thereafter,
25 each pharmacy benefit manager shall report to the commissioner the details of its
26 program including but not limited to the quality incentive criteria, how those criteria
27 are anticipated to improve the quality of care for the individuals covered by the
28 pharmacy benefit manager, how costs will be reduced, the eligibility criteria for
29 participating independent network pharmacies, what efforts will be made to invite

1 independent network pharmacies to participate, the number of pharmacies enrolled
2 or planning to enroll in its quality incentive program, and the aggregate amount of
3 incentive payments expected to be made to the pharmacies participating in the
4 quality incentive program.

5 (2) Each pharmacy benefit manager shall implement the quality incentive
6 program as reported to the commissioner pursuant to Paragraph (1) of this
7 Subsection on January 1 of the following year.

8 D. On or before April 1, 2025, and on or before April first of each year
9 thereafter, each pharmacy benefit manager shall report to the commissioner the
10 results of its quality incentive criteria from the previous calendar year. The report
11 shall contain at a minimum an aggregate-level description of the impact of the
12 program on the health of Louisiana residents, the actual cost savings, the number of
13 pharmacies enrolled or planning to enroll in its quality incentive program, and the
14 amount of incentive payments actually made to pharmacies participating in the
15 quality incentive program. The pharmacy benefit manager shall not include any
16 personally identifiable information or any details concerning the health or treatment
17 of a particular individual.

18 E.(1)(a) The pharmacy benefit manager quality incentive program is strictly
19 voluntary and limited only to network pharmacies.

20 (b) An independent network pharmacy shall not be penalized for declining
21 to participate.

22 (c) The opportunity to participate in a pharmacy benefit manager's quality
23 incentive program shall be separate and apart from the contract entered into between
24 the pharmacist and the pharmacy benefit manager to be in the pharmacy benefit
25 manager's network. Once a pharmacy agrees to participate in a quality incentive
26 program, terms of participation may be provided for in a contract addendum or
27 related contractual supplement. A pharmacy may be in the pharmacy benefit
28 manager's network and not participate in the quality incentive program, but shall be
29 in the network in order to be eligible to participate.

1 (d) Terms of reimbursement for the acquisition and dispensing of prescription
2 drugs are not part of the quality incentive program.

3 (e) Failure of a participating independent network pharmacy to meet the
4 terms of the quality incentive program may make it ineligible for incentive payments
5 and may make it ineligible to continue participating in the quality incentive program.
6 However, failure of the independent network pharmacy to meet the terms and
7 benchmarks of the quality incentive program shall not result in penalties imposed
8 upon the independent network pharmacy.

9 (2) Implementation of the quality incentive program shall be considered a
10 proactive plan design component aimed at improving health outcomes with the
11 ultimate goal of reducing overall costs by creating a healthier population. In
12 conducting plan design, the pharmacy benefit manager shall advise the plan sponsor
13 on recommended incentive program components that have the greatest opportunity
14 to achieve savings and slow the customary rate of premium growth over a reasonable
15 amount of time in which improved health outcomes could realistically be achieved.
16 Any financial analysis conducted by a pharmacy benefit manager pursuant to this
17 Paragraph in order to recommend specific quality incentive payments to participating
18 pharmacists shall be in addition to regular review and analysis of appropriate
19 existing relationships with independent network pharmacies.

20 (3) Nothing provided for in this Section shall be construed to expand the
21 scope of practice of a participating pharmacist.

22 F. For the purposes of this Section, "independent network pharmacy" means
23 a pharmacy operating within the state which meets all of the following criteria:

24 (1) Is a member of a pharmacy benefit manager's network.

25 (2) Is considered to be in good standing by the pharmacy benefit manager.

26 (3) Is under common ownership with not more than two other pharmacies.

27 G.(1) In accordance with the provisions of R.S. 22:1016, this Section does
28 not apply to a pharmacy benefit manager that is contracted with the Louisiana
29 Department of Health to provide pharmacy benefit manager services for the

1 Louisiana Medicaid Program or a pharmacy benefit manager that is a subcontractor
2 of a Medicaid managed care organization that is contracted with the Louisiana
3 Department of Health to provide managed care for the Louisiana Medicaid Program.

4 (2) On or before October 1, 2024, and no later than October first of each year
5 thereafter, a pharmacy benefit manager claiming an exemption pursuant to this
6 Subsection shall submit written notice to the commissioner stating that it does not
7 administer pharmacy benefit manager services for Louisiana residents other than
8 individuals enrolled in the Louisiana Medicaid Program.

9 (3) If a pharmacy benefit manager claims an exemption pursuant to this
10 Subsection and subsequently begins providing pharmacy benefit manager services
11 to Louisiana residents other than individuals enrolled in the Louisiana Medicaid
12 Program, it shall immediately begin complying with provisions of this Section.

13 Section 2. This Act shall become effective upon signature by the governor or, if not
14 signed by the governor, upon expiration of the time for bills to become law without signature
15 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
16 vetoed by the governor and subsequently approved by the legislature, this Act shall become
17 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 704 Original

2024 Regular Session

Chassion

Abstract: Provides a quality incentive program for pharmacy benefit managers.

Present law provides for the licensing of pharmacy benefit managers (PBMs) by the commissioner of insurance (commissioner). Proposed law retains present law and requires each PBM licensed by the commissioner to develop a program in consultation with a plan sponsor to provide incentive payments to eligible independent network pharmacies for meeting benchmarks or complying with strategies aimed at improving the health of La. residents covered by the pharmacy benefit manager.

Proposed law provides that the quality incentive program should focus on the health concerns most affecting La. residents, may be designed in consultation with La. colleges of pharmacy, and may reflect the unique needs of the state as designated by each of the nine La. Dept. of Health regions.

Proposed law requires, on or before Oct. first of each year, a PBM to report to the commissioner the details of its program and provides for the minimum content of the report. Further requires the program to be implemented on the following Jan. 1, 2025.

Proposed law requires, on or before April first of the following year, a PBM to report to the commissioner the results of its quality incentive criteria from the previous calendar year. Proposed law further provides for the minimum content of the report.

Proposed law provides that the PBM quality incentive program is strictly voluntary and prohibits an independent network pharmacy from being penalized for declining to participate.

Proposed law provides for additional parameters of the PBM quality incentive program, including the use of education and training programs.

Present law exempts Medicaid managed care organizations from certain provisions of the La. Insurance Code. Proposed law retains present law and provides that Medicaid managed care organization PBMs are exempt from proposed law.

Proposed law requires exempt PBMs to submit a notice of exemption to the commissioner and provides that the PBM is no longer exempt if it renders services to La. residents who are not enrolled in the Medicaid program.

Proposed law does not expand the scope of practice of a participating pharmacist.

Proposed law defines "independent network pharmacy" as a pharmacy operating within the state which is a member of a pharmacy benefit manager's network, considered to be in good standing by the pharmacy benefit manager, and under common ownership with not more than two other pharmacies.

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

(Adds R.S. 22:1657.2)