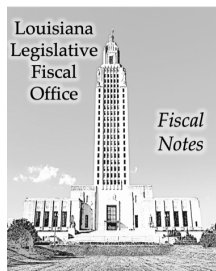


**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 172** HLS 24RS 81
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 29, 2024 2:47 PM **Author:** ECHOLS
Dept./Agy.: Office of Group Benefits **Analyst:** Patrice Thomas
Subject: Annual Report on Revenues from Contracts with OGB

INSURANCE/GROUP-STATE EN SEE FISC NOTE SG RV Page 1 of 1
 Provides relative to disclosure and remittance to the state of revenues in excess of certain contractual amounts in certain circumstances for certain contractors with the state's Office of Group Benefits
Proposed law requires each administrator and pharmacy benefit manager that had a contract with the Office of Group Benefits (OGB) in the preceding calendar year to file two annual revenue reports with OGB: (1) before April 1st on initial revenues; and (2) before June 30th on final revenues. Both reports shall also be submitted to House and Senate insurance committees. Proposed law authorizes each administrator and pharmacy benefit manager (PBM) to establish and retain an administrative fee and prohibits these entities from retaining revenues directly attributable to the OGB contract including rebates and other fee arrangements with third-party administrators or third-party pharmacy benefit managers. Proposed law requires remittance to OGB all revenues (less administrative fee) within 30 days of filing the April 1st report and new revenue disclosed within 30 days of filing the June 30th report. Proposed law provides that failure to file or accurately file shall constitute a breach of duties, and provides for penalties twice the party's revenues received. Proposed law authorizes an exception under the Administrative Procedure Act so OGB may promulgate emergency rules, and effective 7/01/24.

| EXPENDITURES | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 5 -YEAR TOTAL |
|---------------------|------------|------------|------------|------------|------------|---------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 5 -YEAR TOTAL |
|---------------------|------------------|------------------|------------------|------------------|------------------|---------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION
 There is no anticipated direct material effect on governmental expenditures as a result of this measure. Under the proposed law, the Office of Group Benefits (OGB) will be required to have clearly established administrative fees for all claims administration and clinical management services each vendor provides. OGB will be able to establish clear administrative fees required under this measure with existing staff and resources; therefore, there is no impact on expenditures.

REVENUE EXPLANATION
 Currently, there is no anticipated direct material effect on OGB revenues as a result of this measure. In future fiscal years, the proposed law may result in OGB receiving more revenue. The proposed law requires OGB's contracted medical administrator and pharmacy benefit manager (PBM) to remit back to OGB all revenues earned, less an administrative fee, in the prior calendar (plan) year directly attributable to its OGB contacts. Revenues include rebates and other fee arrangements with third parties outside of the contractually established administrative fee. These revenues will be identified by source from annual reports filed by the administrator and PBM, and remitted to OGB. The extent amount of revenue from rebates and other fee arrangements that will be identified in the annual filings and remitted back to OGB under this measure is speculative and indeterminable.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger
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Legislative Fiscal Officer