

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1236** HLS 26RS 3067
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **HB 866**

Date: June 1, 2026	3:01 PM	Author: DEWITT
Dept./Agy.: Insurance		Analyst: Cristian Nedelea
Subject: Pharmacy benefit managers reimbursements		

INSURANCE EN +\$2,265,844 SG EX See Note Page 1 of 2
 Provides relative to pharmacy benefit managers reimbursements

Present law prohibits pharmacy benefit managers (PBMs) from reimbursing a contracted or local pharmacy or pharmacists an amount less than the acquisition cost for the covered drug, device, or service. Proposed law retains present law, amends definition of acquisition cost, and adds the term professional dispensing fee. Except for the Office of Group Benefits (OGB), proposed law requires PBMs to reimburse any local pharmacy for dispensing a drug prescription based on a reimbursement formula using NADAC as the prescription drug pricing benchmark (or the wholesale acquisition cost if NADAC is not available) and a professional dispensing fee that is no less than the dispensing fee established by the Louisiana Department of Health (LDH) for the Medicaid program. The PBM shall not collect, recoup, or recover the professional dispensing fee from any pharmacy, pharmacist, or member. Proposed law retains present law relative to appeals process for pharmacists to challenge claim payment errors. Proposed law prohibits PBMs from amending or changing the amount a prescription drug consumer must pay for an out-of-pocket cost share or expense. Proposed law authorizes the commissioner to require submission of claims-level data, including but not limited to reimbursement amounts, dispensing fees, and any adjustments for the purpose of verifying compliance with proposed law. The reimbursement formula shall be adopted retroactively to 1/01/2026 using the prescription drug pricing benchmark described in this Act plus a professional dispensing fee of no less than \$9. The reimbursement formula created in this Act shall also apply prospectively.

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.	\$2,265,844	\$2,262,014	\$2,352,495	\$2,446,595	\$2,544,458	\$11,871,406
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	\$2,265,844	\$2,262,014	\$2,352,495	\$2,446,595	\$2,544,458	\$11,871,406

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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase SGR expenditures within the Louisiana Department of Insurance (LDI) by \$2.3 M in FY 27, 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 expand the department's regulatory oversight of PBM activities and ensure adherence to the legislation's requirements. The 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. LDI reports that it otherwise does not possess the technical expertise necessary to provide adequate oversight and enforcement over PBMs.

Note: Increased SGR expenditures within LDI results in less monies reverted to SGF at the end of the fiscal year. LDI reports that it can impose fees upon pharmacy benefit managers sufficient to provide for the costs detailed in this fiscal note (see NOTE in Revenue section below). To the extent LDI promulgates rules imposing a fee upon pharmacy benefit managers to cover the costs of oversight, implementation and enforcement, the department will utilize this SGR to provide for these expenditures. LDI reports it can promulgate the necessary rules by the end of calendar year 2026. Implementation prior to this date will restrict the department's ability to perform oversight and enforcement duties until revenues are collected to provide for these duties, unless a separate appropriation is provided from SGF or SGR to cover expenses until fees are imposed.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

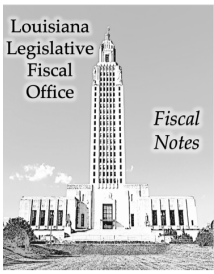
Proposed law is anticipated to have an indeterminable impact on Statutory Dedication revenue within LDI. The agency indicates that any fines or penalties collected pursuant to the proposed law are indeterminable. The LFO assumes fines will be deposited into the Pharmacy Benefits Manager Enforcement Fund 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.

NOTE: LDI reports that it possesses existing statutory authority under the provisions of La R.S. 22:1865(G), "to impose a reasonable fee upon pharmacy benefit managers, in accordance with the Administrative Procedure Act, in addition to a license fee and annual report fee, in order to cover the costs of implementation and enforcement," of any legislation providing for oversight and enforcement duties with regard to PBMs. LDI has not promulgated any rules to this effect at the current time, and reports it anticipates being able to do so by the end of calendar year 2026. The LFO assumes fees associated with this effort would be categorized as SGR.

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|--|----------------------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} | | <input type="checkbox"/> 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

NOTE: The LFO is unable to corroborate the estimated staffing levels, operating expenses, and equipment costs projected by LDI. While the LFO acknowledges that proposed law may result in increased workload for LDI to review claims-level data for the purpose of verifying compliance with proposed law, 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 budgetary 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 Services (\$926,312 SGR):

LDI anticipates that personnel services expenditures will total \$926,312, including \$629,221 in salaries and \$297,091 in related benefits, for FY 27 and increasing by 4% per year in subsequent fiscal years. This cost is associated with the addition of six (6) T.O. positions for the creation of a PBM enforcement section.

Operating Expenses (\$36,702 SGR):

LDI anticipates operating expenses of \$36,702 in FY 27, 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 projected to increase by 4% annually beginning in FY 28.

Professional Services (\$1,287,360 SGR):

LDI anticipates professional service expenses of \$1.3 M in FY 27, 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 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 27, 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.

EXPENDITURES

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Personnel Services					
Six (6) T.O. Positions	\$926,312	\$963,364	\$1,001,899	\$1,041,975	\$1,083,654
Operating Expenses	\$36,702	\$38,170	\$39,697	\$41,285	\$42,936
Professional Services	\$1,287,360	\$1,260,480	\$1,310,899	\$1,363,335	\$1,417,868
Equipment	\$15,470	\$0	\$0	\$0	\$0
Total Expenditures	\$2,265,844	\$2,262,014	\$2,352,495	\$2,446,595	\$2,544,458
T.O.	6	6	6	6	6

NOTE: To the degree that violations are issued and fines levied against any entity under the provisions of proposed law, deposits into the Statutorily Dedicated Pharmacy Benefits Manager Enforcement Fund may allow the department to offset cost exposure against agency SGR. The LFO assumes revenues derived from fines would not be sufficient to completely offset costs estimated by LDI.

Senate

Dual Referral Rules

House

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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