

2015 Regular Session

SENATE BILL NO. 163

BY SENATOR MILLS

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

MEDICAID. Provides relative to Medicaid managed care. (gov sig)

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AN ACT

To enact R.S. 46:460.36, relative to Medicaid managed care; to provide for definitions; to provide for managed care organizations' pharmacy reimbursement; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 46:460.36 is hereby enacted to read as follows:

**§460.36. Pharmacy reimbursement by managed care organizations**

**A. Words and terms used in this Section shall have the following meanings:**

**(1) "Actual ingredient cost" means the cost paid by the pharmacy to acquire the drug product for resale less any applicable wholesaler or manufacturer price concessions.**

**(2) "Department" means the Department of Health and Hospitals.**

**(3) "Legacy Medicaid rate" means the lesser of one of the following:**

**(a) The published Medicaid fee-for-service reimbursement rate for the combination of the ingredient cost and dispensing fee in use for the current approved Medicaid state plan in effect on the date of service.**

1           **(b) The usual and customary charge. This charge shall be the price the**  
2           **provider most frequently charges the general public for the same drug unless**  
3           **otherwise defined in the current approved Medicaid state plan in effect on the**  
4           **date of service.**

5           **(c) The pharmacy's submitted charge.**

6           **(4) "Local pharmacy" means any pharmacy, domiciled in at least one**  
7           **Louisiana parish that:**

8           **(a) Contracts with the managed care organization or the managed care**  
9           **organization's contractor in its own name or through a pharmacy services**  
10           **administration organization and not under the authority of a group purchasing**  
11           **organization.**

12           **(b) Has fewer than ten retail outlets under its corporate umbrella.**

13           **B. A managed care organization may negotiate the ingredient cost**  
14           **reimbursement in its contracts with providers.**

15           **C. No managed care organization shall reimburse a local pharmacy at**  
16           **a rate less than a reasonable dispensing fee plus the lesser of the following:**

17           **(1) That pharmacy's actual ingredient cost.**

18           **(2) The rate at which that pharmacy could have acquired that drug**  
19           **product from a commercial wholesaler that does business with other local**  
20           **pharmacies in Louisiana.**

21           **D. No later than August 1, 2015, the department shall promulgate rules,**  
22           **in accordance with the Administrative Procedure Act, providing for the**  
23           **enforcement of this Section relative to the Medical Assistance Program. At a**  
24           **minimum, these rules shall provide for provider dispute resolution and**  
25           **departmental oversight and enforcement of this Section.**

26           **E. If the department does not have a rule in effect providing for the**  
27           **enforcement of this Section on June 15, 2016, no managed care organization**  
28           **shall pay a local pharmacy a per-prescription reimbursement at a rate less than**  
29           **the legacy Medicaid rate for any prescription filled after June 15, 2016.**

1           Section 2. This Act shall become effective upon signature by the governor or, if not  
 2 signed by the governor, upon expiration of the time for bills to become law without signature  
 3 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 4 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 5 effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Christopher D. Adams.

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DIGEST

SB 163 Engrossed

2015 Regular Session

Mills

Proposed law provides for definitions.

Proposed law provides a managed care organization may negotiate the ingredient cost reimbursement in its contracts with providers.

Proposed law provides no managed care organization shall reimburse a local pharmacy at a rate less than a reasonable dispensing fee plus the lesser of the following:

- (1) That pharmacy's actual ingredient cost.
- (2) The rate at which that pharmacy could have acquired that drug product from a commercial wholesaler that does business with other local pharmacies in Louisiana.

Proposed law provides no later than August 1, 2015, the Department of Health and Hospitals shall promulgate rules, in accordance with the Administrative Procedure Act, providing for the enforcement of the proposed law relative to the Medical Assistance Program. At a minimum, these rules shall provide for provider dispute resolution and departmental oversight and enforcement of the proposed law.

Proposed law provides if DHH does not have a rule in effect providing for the enforcement of this Section on June 15, 2016, no managed care organization shall pay a local pharmacy a per-prescription reimbursement at a rate less than the legacy Medicaid rate for any prescription filled after June 15, 2016.

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

(Adds R.S. 46:460.36)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Health and Welfare to  
 the original bill

1. Adds definitions.
2. Provides for reimbursing certain pharmacies by managed care organizations.