

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 436** HLS 18RS 818

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 25, 2018	8:29 AM	Author: JOHNSON
Dept./Agy.: DOI		Analyst: Shawn Hotstream
Subject: Pharmacy Benefit Managers		

INSURANCE/HEALTH

RE NO IMPACT See Note

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Provides relative to the regulation of pharmacy benefit managers

Proposed law provides that no contract entered into between a pharmacist or pharmacy and and insurer, pharmacy benefits manager, or any other entity shall contain a provision prohibiting the pharmacist from disclosing any relevant information to an individual purchasing prescription medication. Relevant information includes the cost of the medication, reimbursement to the pharmacist for the sale of the medication, efficacy of the medication, and the availability of any alternative medications that are less expensive than the prescription medication. Proposed law provides that a PBM shall not reimburse a pharmacy/pharmacist in the state an amount less than the amount that the PBM reimburses an affiliate of the PBM for providing the same service. Proposed law further provides that for every drug the PBM establishes a maximum allowable cost to determine drug product reimbursement, the PBM shall make available to all pharmacies both information identifying the national drug pricing compendia or sources used to obtain the drug price data, and the list of drugs subject to maximum allowable cost and the actual maximum allowable cost of each drug. Proposed law requires the PBM to take certain actions if an appeal is granted. Proposed law authorizes pharmacies to file complaints with the commissioner of insurance, and authorizes the commissioner to impose a fee upon PBM's.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law may result in additional consumer services complaints from individual pharmacist or pharmacies to the Louisiana Department of Insurance (LDI). The fiscal impact to LDI is indeterminable, and depends on the investigative workload associated with additional complaints received by the department. However, LDI anticipates the number of additional complaints to be minimal and handled with existing insurance examiner staff and resources. Note: Information provided by LDI reflects the department received 1,091 health insurance complaints in FY 16/17, with a staff of 5 insurance examiners dedicated to complaint investigation.

REVENUE EXPLANATION

Proposed legislation authorizes LDI to impose a fee upon pharmacy benefit managers (PBM) to cover the cost of implementation and enforcement of potential new PBM complaints. Although the fee is not specifically quantified, it can be an amount sufficient to cover any additional personnel costs, technology costs, and education and training costs anticipated to comply with new complaints.

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}

Evan Brasseaux

Evan Brasseaux
Staff Director