

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 171** SLS 23RS 83
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 26, 2023	3:23 PM	Author: MILLS, FRED
Dept./Agy.: LDH		Analyst: Shawn Hotstream
Subject: PBM incentive program		

PHARMACEUTICALS RE1 SG EX See Note Page 1 of 1
 Creates the pharmacy benefit managers quality incentive program. (gov sig)

Proposed law requires each pharmacy benefit manager (PBM) licensed by the commissioner to develop a program to provide incentive payments to eligible independent network pharmacies for meeting benchmarks or complying with strategies aimed at improving the health of Louisiana residents covered by the PBM. The program should encourage the use of new technology and obtaining education on best practices. Proposed law provides that a PBM may consult with the University of Louisiana at Monroe College of Pharmacy and the Xavier College of Pharmacy to design a quality incentive program, educate pharmacy students and pharmacists about the value of electronic pharmacy benefit tools, and provide for education on the role of pharmacist in patient healthcare.

Proposed law requires each PBM to create a toolkit for participating independent network pharmacies. PBM's may implement educational and training components into the program. Proposed law provides for annual reporting requirements of the PBM, including the amount of incentive payments expected to be made to the participating pharmacies, in addition to prior year quality criteria results.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	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						
REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	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

EXPENDITURE EXPLANATION

The impact on expenditures in the Office of Group Benefits is indeterminable, and depends on the actual program design that is agreed upon by the pharmacy benefit manager and plan sponsor (OGB). Although a net annual impact cannot be projected, presumably payments to eligible pharmacists may be offset to some degree by meeting certain savings benchmarks. The frequency of payments, amount of payments, and specific benchmarks are not defined in the bill. In addition, information provided by the Office of Group Benefits indicates a specific payment program design would have to be ultimately accepted by the plan sponsor (OGB).

Additionally, the Louisiana Department of Health does not anticipate a fiscal impact based on the determination that this bill does not apply to Medicaid MCO's. Proposed legislation requires each pharmacy benefit manager licensed by the insurance commissioner to develop a program that provides incentive payments to eligible independent network pharmacies for meeting benchmarks or complying with strategies at improving health of Louisiana residents (that are covered by the PBM).

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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}

Evan Brasseaux

Evan Brasseaux
Interim Deputy Fiscal Officer