

SENATE BILL NO. 283

BY SENATOR MILLS

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AN ACT

To amend and reenact R.S. 22:1657 and R.S. 44:4.1(B)(11) and to enact R.S. 22:1657.1, relative to pharmacy benefit managers; to provide for internet publication of formularies; to provide for transparency reporting; to provide for certain reportable aggregate data; to provide for internet publication of the transparency report; to provide for definitions; to provide for the duties of the commissioner of insurance relative thereto; to provide for confidentiality; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1657 is hereby amended and reenacted and R.S. 22:1657.1 is hereby enacted to read as follows:

§1657. Pharmacy benefit managers

A. A pharmacy benefit manager shall be deemed to be a third-party administrator for purposes of this Part. As such, all provisions of this Part shall apply to pharmacy benefit managers; however, notwithstanding the provisions of R.S. 22:1651(F), every pharmacy benefit manager shall be required to be licensed by the commissioner of insurance.

B. The commissioner of insurance shall provide a dedicated location on the department's website for pharmacy benefit manager information and links.

C. For each of a pharmacy benefit manager's contractual or other relationships with a health benefit plan or health insurance issuer, the pharmacy benefit manager shall provide the department with the health benefit plan's formulary and provide timely notification of formulary changes and product exclusions. The information provided pursuant to this Subsection shall be made available in a centralized location on the department's website in a format that allows for consumer access, including links to pharmacy benefit

1 manager websites.

2 §1657.1. Pharmacy benefit manager rebate transparency report

3 A. Each pharmacy benefit manager licensed by the commissioner of
4 insurance shall submit an annual transparency report as a condition of
5 maintaining licensure.

6 B. As used in this Section, the following definitions shall apply:

7 (1) "Aggregate retained rebate percentage" means the percentage
8 calculated for each prescription drug for which a pharmacy benefit manager
9 receives rebates under a particular health benefit plan expressed without
10 disclosing any identifying information regarding the health benefit plan,
11 prescription drug, or therapeutic class. The percentage shall be calculated by
12 dividing the aggregate rebates that the pharmacy benefit manager received
13 during the prior calendar year from a pharmaceutical manufacturer related to
14 utilization of the manufacturer's prescription drug by health benefit plan
15 enrollees that did not pass through to the health benefit plan or health insurance
16 issuer by the aggregate rebates that the pharmacy benefit manager received
17 during the prior calendar year from a pharmaceutical manufacturer related to
18 utilization of the manufacturer's prescription drug by health benefit plan
19 enrollees.

20 (2) "Health benefit plan", "plan", "benefit", or "health insurance
21 coverage" means services consisting of medical care provided directly through
22 insurance, reimbursement, or other means, and including items and services
23 paid for as medical care under any hospital or medical service policy or
24 certificate, hospital or medical service plan contract, preferred provider
25 organization contract, or health maintenance organization contract offered by
26 a health insurance issuer. However, excepted benefits are not included as a
27 "health benefit plan".

28 (3) "Health insurance issuer" means any entity that offers health
29 insurance coverage through a plan, policy, or certificate of insurance subject to
30 state law that regulates the business of insurance. "Health insurance issuer"

1 shall also include a health maintenance organization, as defined and licensed
2 pursuant to Subpart I of Part I of Chapter 2 of this Code.

3 (4) "Rebates" means all rebates, discounts, and other price concessions,
4 based on utilization of a prescription drug and paid by the manufacturer or
5 other party other than an enrollee, directly or indirectly, to the pharmacy
6 benefit manager after the claim has been adjudicated at the pharmacy. Rebates
7 shall include a reasonable estimate of any volume-based discount or other
8 discounts.

9 C.(1) Beginning June 1, 2020, and annually thereafter, each licensed
10 pharmacy benefit manager shall submit a transparency report containing data
11 from the prior calendar year to the department. The transparency report shall
12 contain the following information for each of the pharmacy benefit manager's
13 contractual or other relationships with a health benefit plan or health insurance
14 issuer:

15 (a) The aggregate amount of all rebates that the pharmacy benefit
16 manager received from pharmaceutical manufacturers.

17 (b) The aggregate administrative fees that the pharmacy benefit manager
18 received.

19 (c) The aggregate rebates that the pharmacy benefit manager received
20 from pharmaceutical manufacturers and did not pass through to the health
21 benefit plan or health insurance issuer.

22 (d) The highest, lowest, and mean aggregate retained rebate percentage.

23 (2) The transparency report shall be made available in a form that does
24 not disclose the identity of a specific health benefit plan, the prices charged for
25 specific drugs or classes of drugs, or the amount of any rebates provided for
26 specific drugs or classes of drugs.

27 (3) Within sixty days of receipt, the Department of Insurance shall
28 publish the transparency report on the department's website in a location
29 designated for pharmacy benefit manager information pursuant to R.S.
30 22:1657(B).

1 accordance with the Administrative Procedure Act prior to January 1, 2020.

2 Section 4.(A) This Section and Section 3 of this Act shall become effective on
3 August 1, 2018.

4 (B) Sections 1 and 2 of this Act shall become effective on January 1, 2020.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____