

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 619** HLS 20RS 415
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 19, 2020 2:41 PM **Author:** TURNER
Dept./Agy.: LA Board of Pharmacy **Analyst:** Zachary Rau
Subject: Permitting of Pharmacy Benefit Managers

BOARDS/COMMISSIONS RE +\$20,000 SG RV See Note Page 1 of 1

Authorizes the La. Board of Pharmacy to charge fees for permitting of pharmacy benefit managers and provides for the frequency with which the board may assess other fees

Proposed law adds three new permitting fees for the regulation of Pharmacy Benefit Managers (PBMs) by the LA Board of Pharmacy (LBP) as follows: application fee for initial permit (\$500), annual permit renewal fee (\$500), and delinquent permit renewal fee (\$250). Proposed law requires the LBP to promulgate rules associated with the regulation of PBMs, including the levying of fees as authorized by proposed law. Proposed law makes technical changes to clarify that certain fees charged by the LBP are levied on an annual basis.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000
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>	\$0
Annual Total	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The LA Board of Pharmacy (LBP) estimates licensing 40 additional entities as a result of the proposed measure and anticipates being able to absorb the associated workload increase utilizing existing staff and resources.

REVENUE EXPLANATION

The LA Board of Pharmacy (LBP) anticipates an annual SGR increase of \$20,000 as a result of the proposed legislation. The fees for permitting pharmacy benefit managers (PBMs) are new fees for the LBP, as this represents a new permit type for the Board. LBP anticipates modeling its fee structure after the Mississippi Board of Pharmacy, which also regulates PBMs with annual fees totaling \$500 per licensee. The PBM permit fees included in the proposed legislation are a one-time initial permit issuance fee (\$500), an annual permit renewal fee (\$500), and a delinquent permit renewal fee (\$250).

Furthermore, the LBP anticipates permitting the same number of PBMs as the Mississippi Board of Pharmacy, which currently reports 40 PBM permittees. As a result, LBP anticipates permitting 40 PBMs with associated permit fee revenues of \$20,000 (40 PBMs * \$500 permit fee) annually. However, to the extent that PBMs enter and exit the Louisiana market, actual collections from permit fees may fluctuate from year-to-year.

Note: the proposed legislation includes a \$250 delinquent permit renewal fee. The LBP anticipates all PBMs permitted to operate in Louisiana to renew on-time, and has not included delinquent renewal fees in its revenue projection.

Note: this measure makes technical changes to clarify that all license fees charged by the LBP are due annually.

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

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Staff Director