

Louisiana Expands PBM Regulation Through Acts 474 and 913

Issued date: 09/08/26

Over the last two legislative sessions, Louisiana enacted two significant pieces of pharmacy benefit manager (“PBM”) legislation.

- Act 474 of the 2025 Regular Session (HB 264) established broad new requirements relating to PBM reimbursement practices, rebate retention, transparency, reporting, and patient steering.
- Act 913 of the 2026 Regular Session (HB 1236) builds upon those reforms by modifying the reimbursement methodology applicable to local pharmacies and requiring PBMs to pay a professional dispensing fee. (Signed June 12, 2026)

Together, these laws continue Louisiana’s trend toward increased regulation of PBMs and greater oversight of pharmacy reimbursement arrangements. While many provisions are directed at PBMs, employers sponsoring group health plans should understand the potential impact on prescription drug costs, PBM contracting, and pharmacy network arrangements.

■ Rebate Retention Prohibited

Act 474 prohibits a PBM from retaining manufacturer rebates. Instead, all rebates received from drug manufacturers must be passed through to the health plan sponsor and utilized as shared savings through lower premiums, reduced participant cost-sharing, broader prescription drug coverage, or other plan design mechanisms. The allocation of rebates must be identified in plan design documents and contractual arrangements.

The law also requires PBMs to annually certify under oath to the Louisiana Commissioner of Insurance that they have complied with the rebate pass-through requirements. Violations may be treated as unfair or deceptive acts in the business of insurance and may be subject to regulatory enforcement.

■ Expanded PBM Transparency Requirements

Act 474 imposes extensive annual reporting obligations on licensed PBMs. Beginning each year, PBMs must submit transparency reports to the Louisiana Department of Insurance containing information such as:

- Total manufacturer rebates received;
- Administrative fees received;
- Negotiated price concessions;
- Rebates passed through at the point of sale;
- Amounts reimbursed to local and non-local pharmacies;
- Specialty drug rebate information;
- Other services provided by the PBM or affiliates; and
- Details regarding the PBM's vertical integration structure, including relationships with insurers, pharmacies, wholesalers, group purchasing organizations, and providers.

■ Prohibition on Spread Pricing and Effective Rate Pricing

Act 474 strengthens Louisiana's restrictions on PBM reimbursement practices by prohibiting spread pricing and prohibiting the use of effective rate pricing for local pharmacies. Spread pricing occurs when a PBM charges a health plan more for a prescription drug than the amount paid to the dispensing pharmacy, retaining the difference as compensation.

Although Act 474 became effective in 2025, enforcement of certain spread pricing and rebate provisions is delayed until January 1, 2027.

■ Local Pharmacy Reimbursement Protections

Act 474 created a new reimbursement framework designed to ensure that local pharmacies are reimbursed at or above acquisition cost for covered drugs and services. Effective January 1, 2026, PBMs administering claims on behalf of health plans (other than Louisiana's Office of Group Benefits) must utilize a reimbursement methodology based on National Average Drug Acquisition Cost ("NADAC") or another benchmark approved by the Commissioner of Insurance.

The law also requires PBMs to maintain an appeal process allowing pharmacies to challenge reimbursement amounts that fall below acquisition cost. If a payment error is identified, the PBM must increase reimbursement to at least acquisition cost and notify all pharmacies using the same customary supplier or wholesaler that a claim payment error occurred and that the pharmacy may reverse and resubmit the claim to correct the error. The PBM must make retroactive price adjustments in the next payment cycle.

■ Act 913 Add Mandatory Professional Dispensing Fees

Act 913 substantially revises the reimbursement provisions enacted under Act 474. Most significantly, Louisiana replaced the prior adjustment-factor methodology with a requirement that PBMs pay a professional dispensing fee to local pharmacies.

Beginning January 1, 2026, PBMs must:

- Use NADAC as the reimbursement benchmark or, if unavailable, wholesale acquisition cost (“WAC”);
- Pay a professional dispensing fee that is no less than the dispensing fee established under the Louisiana Medicaid program;
- Ensure the professional dispensing fee reflects pharmacists’ actual dispensing and professional service costs; and
- Treat the dispensing fee as a non-recoverable cost that cannot later be recouped from the pharmacy.

Act 913 also revises the definition of acquisition cost to reflect the actual invoice cost paid by the local pharmacy, subject to specified minimum standards. The law further clarifies that acquisition cost cannot be determined solely at the discretion of the PBM or third-party administrator.

■ Retroactive Claim Reprocessing Requirement

One of the most notable provisions of Act 913 is its retroactive application requirement. PBMs may be deemed compliant if they reprocess applicable claims back to January 1, 2026, using a reimbursement formula that includes the statutory pricing benchmark and a professional dispensing fee of at least nine dollars per claim.

As a result, employers and carriers may experience financial impacts associated with retroactive claim adjustments and increased pharmacy reimbursement obligations.

■ Patient Steering Restrictions

Act 474 strengthens existing patient choice protections by restricting PBMs from steering participants to pharmacies in which the PBM has an ownership interest or control. PBMs must disclose ownership relationships and inform participants of their right to use an alternate pharmacy. PBMs are also prohibited from retaliating against participants who elect to use another pharmacy.

■ Application to Employer-Sponsored Health Plans

The statutes broadly apply to PBMs administering pharmacy benefits for Louisiana health plans and health insurance issuers. However, as with similar PBM legislation adopted in other states, certain provisions may face ERISA preemption challenges when applied to self-funded employer-sponsored health plans.

Louisiana has not created a broad exemption for ERISA self-funded plans within these provisions. Plan sponsors should monitor future litigation and regulatory guidance regarding the extent to which these requirements may be enforced against PBMs serving self-funded plans.

■ Employer Action

Employers should consider taking the following actions:

- Review PBM contracts for rebate pass-through provisions and fee disclosures.
- Confirm whether all manufacturer rebates are being returned to the plan.
- Discuss with PBMs how Act 474 and Act 913 may affect pharmacy reimbursement rates and overall plan costs.
- Evaluate whether retroactive claim reprocessing could affect plan pricing or future renewals.
- Review specialty pharmacy and network arrangements for compliance with Louisiana's anti-steering requirements.
- Monitor ongoing developments regarding ERISA preemption and implementation guidance.