

Louisiana SB 191 Will Cost the State More Than \$1 Billion In Increased Prescription Drug Costs

The core mission of pharmacy benefit managers (PBMs) is to reduce prescription drug costs for health plan sponsors so that consumers have affordable access to needed prescription drugs. PBMs offer a variety of services to their health-plan-sponsor clients and patients that improve prescription adherence, reduce medication errors, and manage drug costs.

The proposed Louisiana legislation will seriously undermine the ability of PBMs to control drug costs, and as a result drug spending in Louisiana will soar. Although some of the provisions are subject to interpretation, enacting just the bill provisions discussed below could cost the state of Louisiana **\$91 million in excess drug spending** in the first year alone, and **\$1.14 billion** over the next 10 years.

SB 191 would institute Any Willing Provider (AWP) rules and restrict the use of preferred specialty pharmacies

Legislation that prevents PBMs from using preferred specialty pharmacies will reduce contracted pharmacy discounts and negatively impact the performance of formulary management, utilization and care management programs. AWP requirements significantly reduce providers' incentive to engage in price competition. If pharmacies know they will automatically be included in a network, they have a reduced incentive to offer plans and PBMs their most competitive terms. And because specialty drugs are dispensed in such low volumes and target rare conditions, it is infeasible for most retail drugstores to stock these medications and provide the specialized services patients require. States do not legally differentiate specialty pharmacies from traditional pharmacies, so essentially any licensed pharmacy can market itself as a specialty pharmacy. PBMs actively work with payers to identify specialty pharmacies that can best serve patient and healthcare provider needs. These payer-aligned specialty pharmacies must meet payers' terms and conditions to be included in preferred pharmacy networks. Terms and conditions focus on quality clinical care, performance, and cost-saving criteria. Qualified specialty pharmacies must also meet payer reimbursement rates to be included in networks.

Projected 10-Year Increases in Prescription Drug Spending In Louisiana, 2022–2031 (Billions)

	Self-Insured Group Market	Fully Insured Group Market	Individual Direct Purchase Market	Managed Medicaid	Total
Restricting the use of specialty pharmacies ¹	\$0.39	\$0.31	\$0.08	\$0.36	\$1.14

Methodology: The methodology used to create these cost projections was that used by Visante in the April 2020 paper "[Increased Costs Associated With Proposed State Legislation Impacting PBM Tools.](#)"

1. Louisiana may already use some form of AWP rules. Estimated cost increases are based on comparing "with vs without AWP."