



LOUISIANA DEPARTMENT OF INSURANCE

TIMOTHY J. TEMPLE
COMMISSIONER

ADVISORY LETTER 2025-05

**TO: ALL PHARMACY BENEFIT MANAGERS LICENSED IN LOUISIANA
AND ALL HEALTH INSURANCE ISSUERS THAT CONTRACT WITH
PHARMACY BENEFIT MANAGERS**

FROM: TIMOTHY J. TEMPLE, COMMISSIONER OF INSURANCE

**RE: PHARMACY BENEFIT MANAGER REIMBURSEMENT GUIDANCE FOR
NADAC PRICING, MARKUPS, AND PROFESSIONAL DISPENSING FEE
UNDER ACT 474**

DATE: DECEMBER 17, 2025

Advisory Letter 2025-05 is issued to advise all pharmacy benefit managers licensed in Louisiana and all health insurance issuers that contract with pharmacy benefit managers of Act 474 of the 2025 Regular Session, which enacted [La. R.S. 22:1868](#) and established new reimbursement requirements effective January 1, 2026. Pursuant to [La. R.S. 22:1868\(A\)\(3\)\(a\)](#), this advisory letter provides guidance regarding the implementation of those requirements, including the adjustment factor (markup) and the professional dispensing fee.

Act 474 enacted [La. R.S. 22:1868](#), which requires that, effective January 1, 2026, each pharmacy benefit manager meet all of the following requirements for claims submitted by any local pharmacy to a pharmacy benefit manager administering claims on behalf of a health plan, except for the Office of Group Benefits:

1. Prescription Drug Pricing Benchmark:

(A)(3)(a) Adopt a reimbursement formula using either NADAC as the prescription drug pricing benchmark or, with prior written approval by the commissioner, an alternative prescription drug pricing benchmark that results in claim payment errors that are both comparable to or less than NADAC in terms of frequency and smaller than NADAC in terms of magnitude.

2. Adjustment Factor (Markup):

(A)(3)(b) Adopt a reimbursement formula using an adjustment factor that, based on claims experience data available to the pharmacy benefit manager, is reasonably expected to result in a claim payment error rate of no more than two percent per drug as identified by its national drug code.

3. Professional Dispensing Fee:

Act 474 also enacted the statutory definition of “reimbursement formula” to include the professional dispensing fee.

- (A)(2)(d) A prescription drug reimbursement calculation involving an ingredient price, calculated based on a prescription drug pricing benchmark plus an adjustment factor, and a professional dispensing fee.

To provide clarity/uniformity among PBMs regarding Act 474's requirement to reimburse pharmacy claims at NADAC + a markup + a professional dispensing fee starting January 1st, 2026, the LDI recommends:

- a) a markup of 2% for 2026, and accepts as compliance with the Act for 2026
 - a) adoption of this amount + b) adjustment of this markup following any fiscal quarter in which more than 2% of paid claims were subsequently adjusted due to claim payment errors;
- b) Future years' markups should be calculated based on experience data;
- c) In all years, the markup may be applied as a percentage increase or calculated as a flat increase to all claims, resulting in an aggregate 2% markup. The second option is intended to provide administrative simplicity.

The “professional dispensing fee” required by [La. R.S. 22:1868\(A\)\(2\)\(d\)](#) may not be zero or a nominal amount. This follows from past opinions we have issued, finding that a statute requiring “a fee” that was payable could not be satisfied with such a payment.

The fee should be reasonably calculated based on prevailing industry practices to reimburse for the professional services component of drug dispensing.

If there are any questions or concerns regarding Advisory Letter 2025-05, please contact the Deputy Commissioner for the Office of Health, Life, and Annuity at (225) 342-1355 or electronically at public@ldi.la.gov.

Baton Rouge, Louisiana, on this 17th day of December 2025.



TIMOTHY J. TEMPLE
COMMISSIONER OF INSURANCE