May 18, 2022

Honorable Patrick Page Cortez              Via Email
President of the Senate                          apa.senatepresident@legis.la.gov
P.O. Box 94183
Baton Rouge, LA 70804

Honorable Clay Schexnayder                   Via Email
Speaker of the House                            apa.housespeaker@legis.la.gov
P.O. Box 94062
Baton Rouge, LA 70804

Honorable Kirk Talbot                    Via Email
Senate Insurance Committee, Chair             apa.s-ins@legis.la.gov
P.O. Box 94183
Baton Rouge, LA 70804

Honorable Mike Huval                        Via Email
House Insurance Committee, Chair             apa.h-ins@legis.la.gov
P.O. Box 94062
Baton Rouge, LA 70804

Notice of Intent to Amend Regulation 100 –
Coverage of Prescription Drugs Through a Drug Formulary

Dear President Cortez, Speaker Schexnayder, Senator Talbot, and
Representative Huval,

Pursuant to the authority of the Louisiana Insurance Code, R.S. 22:1 et seq., and
in accordance with the Administrative Procedure Act, R.S. 49:950 et seq., the Louisiana
Department of Insurance gives notice of its intent to amend Regulation 100 – Coverage
of Prescription Drugs Through a Drug Formulary. Enclosed is a PDF file containing the
Insertion Order, Notice of Intent, and Fiscal and Economic Impact Statement. The
purpose of this amendment is to update Regulation 100 to account for notice
requirements that were added to R.S. 22:1068(D)(3) and R.S. 22:1074(D)(3) by Act 217
of the 2021 Regular Session that health insurance issuers in the small, large, and
individual markets must follow when modifying certain drug coverages.

Enclosure: Notice of Intent to Amend Regulation 100
NOTICE OF INTENT

Department of Insurance
Office of the Commissioner

Regulation 100—Coverage of Prescription Drugs Through a Drug Formulary
(LAC 37:XIII.Chapter 41)

In accordance with the Administrative Procedure Act, R.S. 49:950 et seq., and pursuant to the authority of the Louisiana Insurance Code, R.S. 22:1 et seq., and specifically R.S. 22:11, the Department of Insurance hereby gives notice of its intent to amend Regulation 100 to provide updates in regard to the specific notice requirements a health insurance issuer must follow when implementing a modification of certain drug coverages in accordance with Act No. 217 of the 2021 Regular Session.

Title 37
INSURANCE
Part XIII. Regulations

Chapter 41. Regulation Number 100—Coverage of Prescription Drugs Through a Drug Formulary

§14101. Purpose

A. …

B. The purpose of the amendment to Regulation 100 is to update the Regulation to account for the notice requirements that were added to R.S. 22:1068(D)(3) and R.S. 22:1074(D)(3) by Act No. 217 of the 2021 Regular Session that a health insurance issuer must follow when modifying certain drug coverages offered in the group and individual markets.

AUTHORITY NOTE: Promulgated in accordance with R.S.22:11, R.S. 1068(D) and R.S. 22:1074(D).

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 38:1028 (April 2012), amended LR ___:___

§14111. Requirements for the Modification Affecting Drug Coverage

A. …

B. …

C. A modification of drug coverage for any drug increasing over $300.00 per prescription or refill with an increase in the wholesale acquisition cost of at least 25% in the prior 365 days may occur at any time provided that 30-day notice of the modification of coverage is given. The 30-day notice of the modification of coverage shall include information on the health insurance issuer’s process for an enrollee’s physician to request an exception from the health insurance issuer’s modification of drug coverage for purposes of continuity of care of the patient.

AUTHORITY NOTE: Promulgated in accordance with R.S.22:11, R.S. 1068(D) and R.S. 22:1074(D).

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 38:1028 (April 2012), amended LR ___:___
§14115. Requirements for Modifying a Group Insurance Product

A. Pursuant to R.S. 22:1068, a health insurance issuer may modify its drug coverage offered to a group health plan if each of the following conditions is met.

1-5. …

6. As an exception to the requirement that a modification must occur at the time of coverage renewal, modification of drug coverage for any drug increasing over $300.00 per prescription or refill with an increase in the wholesale acquisition cost of at least 25% in the prior 365 days may occur at any time provided that 30-day notice of the modification of coverage is given. The 30-day notice of the modification of coverage shall include information on the health insurance issuer’s process for an enrollee’s physician to request an exception from the health insurance issuer’s modification of drug coverage for purposes of continuity of care of the patient.

  AUTHORITY NOTE: Promulgated in accordance with R.S.22:11, R.S. 1068(D) and R.S. 22:1074(D).

  HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 38:1028 (April 2012), amended LR ___:__

§14117. Requirements for Modifying an Individual Insurance Product

A. Pursuant to R.S. 22:1074, a health insurance issuer may modify its drug coverage offered to individuals if each of the following conditions is met.

1-5. …

6. As an exception to the requirement that a modification must occur at the time of coverage renewal, modification of drug coverage for any drug increasing over $300.00 per prescription or refill with an increase in the wholesale acquisition cost of at least 25% in the prior 365 days may occur at any time provided that 30-day notice of the modification of coverage is given. The 30-day notice of the modification of coverage shall include information on the health insurance issuer’s process for an enrollee’s physician to request an exception from the health insurance issuer’s modification of drug coverage for purposes of continuity of care of the patient.

  AUTHORITY NOTE: Promulgated in accordance with R.S.22:11, R.S. 1068(D) and R.S. 22:1074(D).

  HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 38:1028 (April 2012), amended LR ___:__

Family Impact Statement

1. Describe the Effect of the Proposed Regulation on the Stability of the Family. The proposed amended regulation should have no measurable impact upon the stability of the family.

2. Describe the Effect of the Proposed Regulation on the Authority and Rights of Parents Regarding the Education and Supervision of their Children. The proposed amended regulation should have no impact upon the rights and authority of parents regarding the education and supervision of their children.

3. Describe the Effect of the Proposed Regulation on the Functioning of the Family. The proposed amended regulation should have no direct impact upon the functioning of the family.

4. Describe the Effect of the Proposed Regulation on Family Earnings and Budget. The proposed amended regulation should have no direct impact upon family earnings and budget.

5. Describe the Effect of the Proposed Regulation on the Behavior and Personal Responsibility of Children. The proposed amended regulation should have no impact upon the behavior and personal responsibility of children.
6. Describe the Effect of the Proposed Regulation on the Ability of the Family or a Local Government to Perform the Function as Contained in the Rule. The proposed amended regulation should have no impact upon the ability of the family or a local governmental unit to perform the function as contained in the rule.

**Small Business Analysis**

The impact of the proposed regulation on small businesses as defined in the Regulatory Flexibility Act has been considered. It is estimated that the proposed action is not expected to have a significant adverse impact on small businesses. The agency, consistent with health, safety, environmental and economic welfare factors has considered and, where possible, utilized regulatory methods in the drafting of the proposed regulation that will accomplish the objectives of applicable statutes while minimizing the adverse impact of the proposed regulation on small businesses.

1. Identification and Estimate of the Number of the Small Businesses Subject to the Proposed Rule. The proposed amended regulation should have no measurable impact upon small businesses.
2. The Projected Reporting, Record Keeping, and Other Administrative Costs Required for Compliance with the Proposed Rule, Including the Type of Professional Skills Necessary for Preparation of the Report or Record. The proposed amended regulation should have no measurable impact upon small businesses.
3. A Statement of the Probable Effect on Impacted Small Businesses. The proposed amended regulation should have no measurable impact upon small businesses.
4. Describe any Less Intrusive or Less Costly Alternative Methods of Achieving the Purpose of the Proposed Rule. The proposed amended regulation should have no measurable impact on small businesses; therefore, will have no less intrusive or less cost alternative methods.

**Poverty Impact Statement**

1. Describe the Effect on Household Income, Assets, and Financial Security. The proposed amended regulation should have no effect on household income assets and financial security.
2. Describe the Effect on Early Childhood Development and Preschool through Postsecondary Education Development. The proposed amended regulation should have no effect on early childhood development and preschool through postsecondary education development.
3. Describe the Effect on Employment and Workforce Development. The proposed amended regulation should have no effect on employment and workforce development.
4. Describe the Effect on Taxes and Tax Credits. The proposed amended regulation should have no effect on taxes and tax credits.
5. Describe the Effect on Child and Dependent Care, Housing, Health Care, Nutrition, Transportation and Utilities Assistance. The proposed amended regulation should have no effect on child and dependent care, housing, health care, nutrition, transportation and utilities assistance.

**Provider Impact Statement**

1. Describe the Effect on the Staffing Level Requirements or Qualifications Required to Provide the Same Level of Service. The proposed amended regulation will have no effect.
2. The Total Direct and Indirect Effect on the Cost to the Provider to Provide the Same Level of Service. The proposed amended regulation will have no effect.

3. The Overall Effect on the Ability of the Provider to Provide the Same Level of Service. The proposed amended regulation will have no effect.

Public Comments

Interested persons who wish to make comments may do so by writing to John Piccione, Staff Attorney, Louisiana Department of Insurance, P.O. Box 94214, Baton Rouge, LA 70804-9214, or by faxing comments to (225) 342-1632, or electronically at regulations@ldi.la.gov. Comments will be accepted through the close of business, 4:30 p.m., July 11, 2022.

James J. Donelon
Commissioner
FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

Person Preparing Statement: Anita R. Robert

Department: Louisiana Department
            of Insurance

Office: Management & Finance

Phone: (225) 219-0609

Rule Title: Coverage of Prescription Drugs Through a Drug Formulary

Return Address: P. O. Box 94214
                Baton Rouge, LA
                70804-9214

Effective Date: Upon Publication

SUMMARY
(Use Complete Sentences)

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS. (Summary)

The proposed rule will not result in implementation costs or savings to state or local governmental units. The rule is being amended to comply with changes made to R.S. 22:1068(D)(3) and R.S. 22:1074(D)(3) implemented by Act No. 217 of the 2021 Louisiana Regular Legislative Session. These changes add notice requirements a health insurance issuer must follow when implementing a modification of certain drug coverages.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS. (Summary)

The proposed rule will have no impact on state or local governmental revenues.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS. (Summary)

The proposed rule change will not result in any costs and/or economic benefits to directly affected persons or non-governmental groups. The amendments add notice requirements a health insurance issuer must follow when implementing a modification of certain drug coverages.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT. (Summary)

The proposed rule will have no impact upon competition and employment in the state.

Denise Gardner, Chief of Staff
L.a. Department of Insurance

5/6/22
Date of Signature

Evan Brassard, Interim Deputy Fiscal Officer
Legislative Fiscal Officer or Designee

5/9/22
Date of Signature
FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriated legislative oversight subcommittee in its deliberations on the proposed rule.

A. Provide a brief summary of the content of the rule (if proposed for adoption or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of the current and proposed rules with amended portions indicated).

The proposed rule will not result in implementation costs or savings to state or local governmental units. The rule is being amended to comply with changes made to R.S. 22:1068(D)(3) and R.S. 22:1074(D)(3) implemented by Act No. 217 of the 2021 Louisiana Regular Legislative Session. These changes add notice requirements a health insurance issuer must follow when implementing a modification of certain drug coverages.

B. Summarize the circumstances which require this action. If the action is required by federal regulations, attach a copy of the applicable regulation.

The Louisiana Department of Insurance (LDI) is tasked with administering the Insurance Code, which regulates the business of insurance in all of its phases. The proposed rule is being amended to comply with changes made to R.S. 22:1068(D)(3) and R.S. 22:1074(D)(3) implemented by Act No. 217 of the 2021 Louisiana Regular Legislative Session.

C. Compliance with Act 11 of the 1986 First Extraordinary Session:
(1) Will the proposed rule change result in any increase in expenditure of funds? If so, specify the amount and source of funding.

No increase in expenditure of funds is anticipated as a result of the proposed rule.

(2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

Yes. If yes, provide documentation.

No. If no, provide justification as to why this rule change should be published at this time.
I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM ACTION PROPOSED.

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

LDI does not anticipate any implementation costs (savings) as a result of the proposed rule.

<table>
<thead>
<tr>
<th>COSTS</th>
<th>FY 22</th>
<th>FY 23</th>
<th>FY 24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
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<tr>
<td>Operating Expenses</td>
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<tr>
<td>Major Repairs &amp; Constr.</td>
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</tr>
<tr>
<td>TOTAL</td>
<td>0</td>
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<td>0</td>
</tr>
</tbody>
</table>

2. Provide a narrative explanation of the costs or savings shown in “A.1” above, including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

The proposed rule will have no impact on state or local governmental expenditures.

3. Sources of funding for implementing the proposed rule or rule change.

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>FY 22</th>
<th>FY 23</th>
<th>FY 24</th>
</tr>
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<tr>
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<td>AGENCY SELF-GENERATED</td>
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<tr>
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<tr>
<td>OTHER (SPECIFY)</td>
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</tr>
<tr>
<td>TOTAL</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

No additional funding is necessary as a result of the proposed rule.

B. COSTS OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

There is no impact on local governmental units as a result of the proposed rule.

2. Indicate the sources of funding of local governmental unit(s) which will be affected by these cost or savings.

Not applicable.
FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET
(Continued)

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS
   A. What increase (decrease) in revenues can be anticipated from the proposed action?

   The proposed rule will have no impact on state or local governmental revenues.

<table>
<thead>
<tr>
<th>REVENUE INCREASE/DECREASE</th>
<th>FY 22</th>
<th>FY 23</th>
<th>FY 24</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE GENERAL FUND</td>
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<td>AGENCY SELF-GENERATED</td>
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<tr>
<td>DEDICATED FUNDS*</td>
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</tr>
<tr>
<td>TOTAL</td>
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<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

   *Specify the particular fund being impacted.

   B. Provide a narrative explanation of each increase or decrease in revenues shown in “A”.
   Describe all data, assumptions and methods used in calculating these increases or decreases.

   The proposed rule will have no impact on state or local governmental revenues.

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS
   A. What persons, small businesses, or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.) they may have to incur as a result of the proposed action.

   The proposed rule change will not result in any costs and/or economic benefits to directly affected persons or non-governmental groups. The amendments add notice requirements a health insurance issuer must follow when implementing a modification of certain drug coverages.

   B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

   The proposed rule is not anticipated to impact receipts or income of directly affected persons, small businesses, or non-governmental groups.

IV. EFFECTS ON COMPETITION AND EMPLOYMENT

   Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

   The proposed rule will have no impact upon competition and employment in the state.