

# LOUISIANA INSURANCE DEPARTMENT ISSUES CEASE AND DESIST ORDERS TO A TPA AND THE LOUISIANA OFFICE OF GROUP BENEFITS FOR FAILURE TO PAY RX CLAIMS IN A TIMELY MANNER

The Louisiana Insurance Department (“Department”) recently issued separate Cease and Desist Orders to both a TPA operating as a Pharmacy Benefit Manager (“PBM”) and the Office of Group Benefits, a Louisiana state agency that is part of the Louisiana Division of Administration. The Office of Group Benefits provides health and life insurance benefits to qualified state employees and retirees of participating state agencies in Louisiana and their eligible dependents.

Per a press release recently issued by the Department, the Cease and Desist Orders were the result of a market conduct investigation of the TPA initiated by the Department in the second quarter of 2022 after receiving complaints from the Louisiana Independent Pharmacy Association regarding the TPA’s alleged failure to timely pay pharmacy claims that had been electronically adjudicated. Specifically, Louisiana Revised Statute 22:1854(A) provides “Any claim for payment for covered prescription drugs or other products and supplies, and pharmacist services submitted by a pharmacist or a pharmacy to a health insurance issuer as an electronic claim that is electronically adjudicated shall be paid not later than the fifteenth day after the date on which the claim was electronically adjudicated.” According to the Department, after the market conduct investigation was initiated, the TPA informed the Department that it had failed to timely pay 1,310,507 electronically adjudicated claims between January and July 2022.

As a result of the failure to timely pay these electronic claims, both the Office of Group Benefits and the TPA were ordered to cease and desist from continuing to make untimely payments of electronic claims. Furthermore, the Department reported the Cease and Desist Orders as administrative actions to the National Insurance Producer Registry (“NIPR”).

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