

Third Party Administrator & Pharmacy Benefit Manager Update

TPA & PBM LICENSING AND COMPLIANCE DEVELOPMENTS

Louisiana Insurance Department Fines Express Scripts and MedImpact For Delayed Pharmacy Payments

The Louisiana Insurance Department (“Department”) recently fined Express Scripts Administrators, LLC (“ESA”) \$275,000 and MedImpact Healthcare Systems, Inc. (“MedImpact”) \$250,000 for allegedly failing to pay electronically adjudicated insurance claims to pharmacies in a timely manner on behalf of the Louisiana Office of Group Benefits (“OGB”). OGB provides health and life insurance benefits to Louisiana-qualified state employees, retirees of participating Louisiana state agencies, and eligible dependents. ESA and MedImpact are third party administrators (“TPAs”) operating as pharmacy benefit managers (“PBMs”) for OGB.

Per a recent press release issued by the Department, its Office of Consumer Services investigated ESA and MedImpact after receiving thousands of remittance advices from the Louisiana Independent Pharmacy Association to substantiate complaints from 19 independent pharmacies alleging numerous violations of the Louisiana Insurance Code. As a result of the Department’s investigations, it determined that both PBMs failed to ensure electronically adjudicated claims were paid within 15 days as required by Louisiana law.

The Department’s press release indicated that ESA admitted to failing to pay 1.3 million electronically adjudicated claims within 15 days due to a software issue. ESA has paid \$1.5 million in interest to the affected pharmacies and also agreed to pay a \$275,000 fine and to make the necessary changes to its processes and procedures specified in a Consent Order with the Department.

The Department’s press release also indicated that 664,770 claims were paid by MedImpact in excess of 15 days as required by Louisiana law. MedImpact agreed to pay \$602,000 in interest to the affected pharmacies and to pay a \$250,000 fine.

Commissioner Donelan also announced in the Department’s press release that neither the software issue cited by ESA, nor the state of emergency declaration cited by MedImpact (related to the Covid-19 pandemic) excused ESA or MedImpact from complying with Louisiana law.

Third Party Administrator and Pharmacy Benefit Manager Licensing and Compliance Services

Polsinelli's Third Party Administrator and Pharmacy Benefit Manager Team has significant experience representing TPAs and PBMs on a national basis regarding a variety of business and compliance issues. The group includes attorneys who were formerly in-house counsel for TPAs, as well as attorneys who were formerly insurance regulators and attorneys who are currently members of the Federation of Regulatory Counsel.

Polsinelli's experience in the third party administrator and pharmacy benefit manager industries is demonstrated by these representative examples:

- National and multi-state TPA and PBM licensing projects.
- Assistance with investigations, market conduct examinations and formal regulatory actions brought by state insurance departments.
- Monitor regulatory and legislative activity affecting our TPA and PBM clients and provide periodic reports regarding such activity.
- Maintain licensure as a TPA or PBM through periodic renewal and annual report filings.

To learn more about Polsinelli's [Third Party Administrator and Pharmacy Benefit Manager Licensing and Compliance Services](#) practice, contact a member of the Third Party Administrator and Pharmacy Benefit Manager Licensing and Compliance Services team.

POLSINELLI'S THIRD PARTY ADMINISTRATOR AND PHARMACY BENEFIT MANAGER LICENSING AND COMPLIANCE SERVICES TEAM



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