

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

SENATE BILL 593

By: Senator J. Boyd
By: Representative Achor

Filed with: Senate Committee on Insurance and Commerce
pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

AN ACT TO AMEND THE ARKANSAS PHARMACY BENEFITS
MANAGER LICENSURE ACT; TO CREATE THE PHARMACY
SERVICES ADMINISTRATIVE ORGANIZATION ACT; AND FOR
OTHER PURPOSES.

Subtitle

TO AMEND THE ARKANSAS PHARMACY BENEFITS
MANAGER LICENSURE ACT; AND TO CREATE THE
PHARMACY SERVICES ADMINISTRATIVE
ORGANIZATION ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 23-92-503(12), concerning the definition of
"pharmacy services administrative organization" used under the Arkansas
Pharmacy Benefits Manager Licensure Act, is amended to read as follows:

(12) "Pharmacy services administrative organization" means an
organization that helps community pharmacies ~~and pharmacy benefits managers~~
~~or third party payers~~ achieve administrative and economic efficiencies,
including contracting, reimbursement, and payment efficiencies;

SECTION 2. Arkansas Code § 23-92-503, concerning definitions used
under the Arkansas Pharmacy Benefits Manager Licensure Act, is amended to add
additional subdivisions to read as follows:

(16)(A) "Pharmacy benefits manager national contract to pharmacies" means a standardized agreement entered into by a pharmacy benefits manager and a network of pharmacies across the United States in which a pharmacy is, either directly or indirectly, passed through a pharmacy services administrative organization to agree to certain pricing terms and conditions if that pharmacy is included within a pharmacy benefits manager network.

(B) "Pharmacy benefits manager national contract to pharmacies" includes a nationwide network of pharmacies that have entered into a contract for national reimbursement rates, terms, and conditions that are not Arkansas-specific with a pharmacy benefits manager to provide pharmacist services, including without limitation dispensing medications to a patient within the pharmacy benefits manager network; and

(17) "Pharmacy services administrative organization contracting" means an agreement between a pharmacy or pharmacist with a pharmacy benefits manager and other healthcare payors for a health benefit plan.

SECTION 3. Arkansas Code Title 23, Chapter 99, is amended to add an additional subchapter to read as follows:

Subchapter 20 – Pharmacy Services Administrative Organization Act

23-99-2001. Title.

This subchapter shall be known and may be cited as the "Pharmacy Services Administrative Organization Act".

23-99-2002. Definitions.

As used in this subchapter:

(1) "Health benefit plan" means the same as defined in § 23-92-503;

(2) "Healthcare payor" means the same as defined in § 23-92-503;

(3) "Pharmacy benefits manager" means the same as defined in § 23-92-503;

(4) "Pharmacy benefits manager national contract to pharmacies" means the same as defined in § 23-92-503;

(5) "Pharmacy services administrative organization" means the same as defined in § 23-92-503;

1 (6) "Pharmacy services administrative organization contracting"
2 means the same as defined in § 23-92-503; and

3 (7) "Pharmacy services administrative organization-pharmacy
4 contract" means a contractual agreement between a pharmacy services
5 administrative organization and a pharmacy by which a pharmacy services
6 administrative organization agrees to negotiate with a pharmacy benefits
7 manager and other healthcare payors for health benefit plans on behalf of a
8 pharmacy or pharmacist and to provide other services as stated in the
9 pharmacy services administrative organization-pharmacy contract.

10
11 23-99-2003. Registration requirements – Application – Fees.

12 (a)(1) A pharmacy services administrative organization shall not
13 provide any service in Arkansas without being registered with the State
14 Insurance Department under this subchapter.

15 (2)(A) An initial registration fee for a pharmacy services
16 administrative organization is two hundred fifty dollars (\$250).

17 (B) The Insurance Commissioner may charge registration
18 renewal fees as established by rule.

19 (b)(1) The commissioner shall prescribe the application for
20 registration to operate in Arkansas as a pharmacy services administrative
21 organization.

22 (2) An application for registration as a pharmacy services
23 administrative organization shall include:

24 (A) The full business name of the pharmacy services
25 administrative organization;

26 (B) The name, business address, phone number, website, and
27 email address for the primary contact;

28 (C) The name, business address, phone number, website, and
29 email address for the contact designated to handle grievances; and

30 (D) The employer identification number, also known as the
31 federal employer identification number or the federal tax identification
32 number.

33 (3) The commissioner may charge application fees as established
34 by rule.

35
36 23-99-2004. Notice and disclosure requirements.

1 (a)(1) Beginning on or before March 1, 2026, a pharmacy services
2 administrative organization shall file with the Insurance Commissioner an
3 annual report for the preceding calendar year.

4 (2) A report may be requested by the commissioner on renewal of
5 the registration of the pharmacy services administrative organization if the
6 information is needed.

7 (b) The annual report required under subsection (a) of this section
8 shall:

9 (1) Include an approximate number of pharmacies that the
10 pharmacy services administrative organization has a pharmacy services
11 administrative organization-pharmacy contract with within the state; and

12 (2) Include the names of:

13 (A) The pharmacy benefits managers with which the pharmacy
14 services administrative organization has an agreement; and

15 (B) The pharmacy benefits managers with which the pharmacy
16 services administrative organization does not have an agreement.

17 (c) A pharmacy services administrative organization shall annually
18 disclose to the State Insurance Department and to pharmacists who or
19 pharmacies that have an active pharmacy services administrative organization-
20 pharmacy contract the extent of any ownership or control of the pharmacy
21 services administrative organization by a parent company, subsidiary, or
22 other organization that:

23 (1) Manufactures, sells, or distributes prescription drugs and
24 is licensed, permitted, or registered as a wholesale distributor in this
25 state with the Arkansas State Board of Pharmacy; or

26 (2) Sells prescription drugs and medicines at retail and is
27 licensed, permitted, or registered as a retail pharmacy with the board.

28 (d) A pharmacy services administrative organization shall notify the
29 department in writing within five (5) business days of any material change in
30 its ownership or control relating to any company, subsidiary, or other
31 organization described in subsection (c) of this section.

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33 23-99-2005. Pharmacy services administrative organization contracting
34 – Requirements.

35 (a)(1) A pharmacy benefits manager shall offer and include in any
36 existing pharmacy services administrative organization a separate Arkansas-

1 based amendment that complies with the Arkansas Pharmacy Benefits Manager
2 Licensure Act, § 23-92-501 et seq., and other state laws on or before January
3 1, 2026.

4 (2) A contract provision that states that the pharmacy benefits
5 manager agrees to comply with applicable laws does not comply with the
6 requirement in subdivision (a)(1) of this section.

7 (3) The Insurance Commissioner may review the pharmacy services
8 administrative organization agreements that are executed between a pharmacy
9 and a pharmacy benefits manager if the commissioner has an active
10 investigation of state laws being violated by the pharmacy benefits manager
11 related to an executed agreement with a pharmacy services administrative
12 organization.

13 (b)(1)(A) A pharmacy services administrative organization-pharmacy
14 contract shall include a provision that requires a pharmacy services
15 administrative organization to provide to a pharmacy a copy of the pharmacy
16 services administrative organization-pharmacy contract, amendment, payment
17 schedule, or reimbursement rates within thirty (30) days of the receipt of a
18 written request from a pharmacy or pharmacist after the execution of a
19 pharmacy services administrative organization-pharmacy contract, or an
20 amendment to a pharmacy services administrative organization-pharmacy
21 contract, signed on behalf of the pharmacy if it is a new agreement, new
22 network, or has a reduction in reimbursement rates compared to the previous
23 agreement.

24 (B) The pharmacy services administrative organization may
25 respond to a written request from a pharmacy or a pharmacist under
26 subdivision (b)(1)(A) of this section by making the pharmacy services
27 administrative organization-pharmacy contract document or an amendment or
28 update to the pharmacy services administrative organization-pharmacy contract
29 document available through a pharmacy portal.

30 (2) Upon written request from a pharmacy or pharmacist for an
31 existing pharmacy services administrative organization-pharmacy contract, a
32 pharmacy services administrative organization-pharmacy contract shall include
33 a provision that requires a pharmacy services administrative organization to
34 provide to a pharmacy a copy of the pharmacy services administrative
35 organization-pharmacy contract, amendment, payment schedule, or reimbursement
36 rates within five (5) business days of the request.

1 (c) A pharmacy services administrative organization may file a
2 complaint with the commissioner against a pharmacy benefits manager or other
3 healthcare payor for "take it or leave it" terms and conditions in a proposed
4 contract, pharmacy provider manual, or contract amendment that violate
5 requirements of state law if the pharmacy benefits manager does not actively
6 respond, communicate, and adjust to the concerns of a pharmacy services
7 administrative organization, pharmacy, or pharmacist that the proposed
8 contract or provider manual terms do not follow state law.

9 (d) The information or data acquired during an examination or review
10 under subsections (a) and (b) of this section is:

11 (1) Considered proprietary and confidential under §§ 23-61-
12 107(a)(4) and 23-61-207; and

13 (2) Not subject to the Freedom of Information Act of 1967, § 25-
14 19-101 et seq.

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16 23-99-2006. Enforcement – Rules.

17 (a) The Insurance Commissioner shall promulgate rules to administer
18 and enforce this subchapter.

19 (b) After notice and opportunity for hearing, the commissioner may
20 revoke, place on probation, or suspend the registration of a pharmacy
21 services administrative organization.

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24 Referred requested by the Arkansas Senate

25 Prepared by: ANS/AMS