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SECRETARY OF COMMERCE

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COMMISSIONER,
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DEPARTMENT

REPORT FROM AID CONCERNING RULE 128: FAIR AND REASONABLE PHARMACY REIMBURSEMENTS

FROM: Jimmy Harris, Commissioner; Daniel Holland, PBM General Counsel & Director
TO: Executive Committee & ALC
DATE: February 13, 2026
RE: Status Report on Implementation of Rule 128 & PBM Enforcement

This is the February report, as required by ALC and the Executive Committee, which approved AID Rule 128: *Fair and Reasonable Pharmacy Reimbursements* (Rule 128). Pursuant to an oral motion in the Executive Committee, AID now offers this report on activities related to the implementation of Rule 128, recently initiated enforcement efforts, ongoing audits, and licensing activity related to pharmacy benefit managers (“PBM”).

I. Rule 128: Fair and Reasonable Reimbursement Rates

As previously reported, AID will use the upcoming Rule 128 reporting cycle to finalize the determination of which plans are consistently reimbursing pharmacies below their acquisition cost. These reports, covering the second half of 2025, are due on March 1, 2026. AID’s third-party consultants will assist in reviewing and analyzing the incoming data.

II. January PBM Enforcement Actions & Investigations

- A penalty of \$220,000 was agreed through consent order settlement against RxAdvance Corporation for their unlicensed PBM operations in Arkansas. RxAdvance has since submitted their PBM license application materials and is working with AID to ensure compliance with Arkansas law.
- A penalty of \$10,000 was agreed through consent order settlement against KRX Health, L.L.C., d/b/a PillowPH, for unlicensed PBM operations in Arkansas. PillowPH has since

submitted their PBM license application materials and is working with AID to ensure compliance with Arkansas law.

- A penalty of \$4,000 was agreed through consent order settlement against CapitalRx, Inc., for several pharmacy reimbursements that were below the national average drug acquisition cost (“NADAC”).
- The PBM Division continues to work through two ongoing issues from affiliate pricing limited scope examinations:
 1. Navitus Health Solutions has objected to providing data related to any self-funded, non-governmental health plans, and health plans located outside of Arkansas. The matter is fully briefed, and the parties are now working to schedule a hearing date.
 2. The data request issues between AID’s examiners and Express Scripts have been resolved and the parties are moving forward with the examination.

III. PBM Licensing

Since the December report, the PBM Division has approved 2 PBM license renewals for existing PBMs. The Division has also discovered 2 unlicensed PBMs operating in Arkansas and initiated enforcement actions.