

1 State of Arkansas *As Engrossed: S3/19/25 S4/2/25*

2 95th General Assembly

A Bill

3 Regular Session, 2025

SENATE BILL 475

4

5 By: Senator J. Dismang

6 *By: Representative Eaves*

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For An Act To Be Entitled

9 AN ACT TO ESTABLISH THE PHARMACY SERVICES
10 ADMINISTRATIVE ORGANIZATION ACT; TO REGULATE PHARMACY
11 SERVICES ADMINISTRATIVE ORGANIZATIONS; AND FOR OTHER
12 PURPOSES.

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Subtitle

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17 TO ESTABLISH THE PHARMACY SERVICES
18 ADMINISTRATIVE ORGANIZATION ACT; AND TO
19 REGULATE PHARMACY SERVICES
20 ADMINISTRATIVE ORGANIZATIONS.

21

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

22

23 SECTION 1. Arkansas Code Title 23, Chapter 99, is amended to add an
24 additional subchapter to read as follows:

25 Subchapter 19 – Pharmacy Services Administrative Organization Act

26

27 23-99-1901. Title.

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

30

31 23-99-1902. Definitions.

32 As used in this subchapter:

33 (1)(A) "Administrative services" means a service provided by a
34 pharmacy services administrative organization.

35 (B) "Administrative services" includes without limitation:

36 (i) Assistance with a claim;



- 1 (ii) Assistance with an audit;
2 (iii) Assistance with access to a pharmacy network;
3 (iv) Assistance with interactions between a pharmacy
4 and a pharmacy benefits manager;
5 (v) Centralized payment;
6 (vi) Certification in a specialized care program;
7 (vii) Compliance support;
8 (viii) Setting a flat fee for generic drugs;
9 (ix) Assistance with store layout;
10 (x) Marketing support;
11 (xi) Management and analysis of payment and drug
12 dispensing data; or
13 (xii) Provision of resources for a retail cash card;

14 (2) "Pharmacy benefits manager" means a person or an entity
15 operating within this state that contracts with a health benefit plan, an
16 employer, or a union to administer or manage prescription drug benefits on
17 behalf of a healthcare insurer that provides prescription drug benefits;

18 (3)(A) "Pharmacy services administrative organization" means an
19 entity operating within this state that contracts with one (1) or more
20 pharmacies to conduct business on their behalf with a third-party payer.

21 (B) "Pharmacy services administrative organization"
22 includes a person or entity that performs one (1) or more administrative
23 services on behalf of one (1) or more pharmacies and negotiates and enters a
24 contract with a third-party payer or pharmacy benefits manager on behalf of a
25 pharmacy;

26 (4) "Pharmacy services administrative organization-pharmacy
27 contract" means a contractual agreement between a pharmacy services
28 administrative organization and a pharmacy by which a pharmacy services
29 administrative organization agrees to negotiate with a third-party payer on
30 behalf of a pharmacy and to provide other services as stated in the pharmacy
31 services administrative organization-pharmacy contract; and

32 (5)(A) "Third-party payer" means an organization operating
33 within this state that pays or insures health, medical, or prescription drug
34 expenses on behalf of beneficiaries.

35 (B) "Third-party payer" includes a:

- 36 (i) Plan sponsor;

1 (ii) Healthcare service plan;

2 (iii) Health maintenance organization; or

3 (iv) Healthcare insurer.

4 (C) "Third-party payer" does not include a nonfederal
5 governmental plan as defined in 29 U.S.C. § 1002(32), as it existed on
6 January 1, 2025.

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8 23-99-1903. Registration required.

9 (a)(1) A person or organization shall not establish or operate as a
10 pharmacy services administrative organization in Arkansas for health benefit
11 plans without obtaining a license from the Insurance Commissioner under this
12 subchapter.

13 (2) The commissioner shall prescribe the application for a
14 license to operate in Arkansas as a pharmacy services administrative
15 organization and may charge application fees and renewal fees as established
16 by rule.

17 (b) The commissioner shall issue rules establishing the licensing,
18 fees, application, financial standards, penalties, compliance and enforcement
19 requirements, and reporting requirements of a pharmacy services
20 administrative organization under this subchapter.

21 (c) This subchapter does not require a third-party payer to enter a
22 contract with a pharmacy services administrative organization.

23
24 23-99-1904. Notice and disclosure requirements.

25 (a) A pharmacy services administrative organization-pharmacy contract
26 shall include a provision that requires a pharmacy services administrative
27 organization to provide to a pharmacy a copy of the pharmacy services
28 administrative organization-pharmacy contract, amendment, payment schedule,
29 or reimbursement rates within three (3) calendar days after the execution of
30 a pharmacy services administrative organization-pharmacy contract, or an
31 amendment to a pharmacy services administrative organization-pharmacy
32 contract, signed on behalf of the pharmacy.

33 (b) A pharmacy services administrative organization shall disclose to
34 the State Insurance Department the extent of any ownership or control of the
35 pharmacy services administrative organization by a parent company,
36 subsidiary, or other organization that:

- 1 (1) Provides pharmacy services or support;
2 (2) Provides prescription drug or device services; or
3 (3) Manufactures, sells, or distributes prescription drugs,
4 biologicals, or medical devices.

5 (c) A pharmacy services administrative organization shall notify the
6 department in writing within five (5) calendar days of any material change in
7 its ownership or control relating to any company, subsidiary, or other
8 organization described in subsection (b) of this section.

9 (d)(1) Before entering into a pharmacy services administrative
10 organization-pharmacy contract, a pharmacy services administrative
11 organization shall disclose to a pharmacy a written disclosure of ownership
12 or control in order to assist the pharmacy in making an informed decision
13 regarding its relationship with the pharmacy services administrative
14 organization.

15 (2) The disclosure required under subdivision (d)(1) of this
16 section shall include the extent of any ownership or control by a parent
17 company, subsidiary, or other organization that:

- 18 (A) Provides pharmacy services or support;
19 (B) Provides prescription drug or device services; or
20 (C) Manufactures, sells, or distributes prescription
21 drugs, biologicals, or medical devices.

22 (e) A pharmacy services administrative organization-pharmacy contract
23 shall provide that the pharmacy services administrative organization shall
24 notify the pharmacy in writing within five (5) calendar days of any material
25 change in its ownership or control related to any company, subsidiary, or
26 other organization described in subdivision (d)(1) of this section.

27 (f)(1) Before entering into a contract with a third-party payer, a
28 pharmacy services administrative organization shall furnish to a pharmacy
29 benefits manager or a third-party payer a written disclosure of ownership or
30 control in order to assist the pharmacy benefits manager or the third-party
31 payer in making an informed decision regarding the pharmacy benefits
32 manager's or the third-party payer's relationship with the pharmacy services
33 administrative organization and the pharmacy or pharmacies for which the
34 pharmacy services administrative organization is negotiating.

35 (2) The disclosure required under subdivision (f)(1) of this
36 section shall include the extent of any ownership or control by any parent

1 company, subsidiary, or other organization that:

2 (A) Provides pharmacy services or support;

3 (B) Provides prescription drug or device services; or

4 (C) Manufactures, sells, or distributes prescription
5 drugs, biologicals, or medical devices.

6 (g) A pharmacy services administrative organization-pharmacy contract
7 with a third-party payer shall require that a pharmacy services
8 administrative organization shall notify the third-party payer in writing
9 within five (5) calendar days of any material change in its ownership or
10 control related to any company, subsidiary, or other organization described
11 in subdivision (f)(1) of this section.

12
13 23-99-1905. Wholesale and pharmacy services administrative
14 organization services – Single pharmacy services administrative organization-
15 pharmacy contract.

16 (a) A pharmacy services administrative organization that owns or is
17 owned by, in whole or in part, an entity that manufactures, sells, or
18 distributes prescription drugs, biologicals, or medical devices, as a
19 condition of entering into a pharmacy services administrative organization-
20 pharmacy contract, shall not require that the pharmacy purchase any drugs or
21 medical devices solely from the entity with which the pharmacy services
22 administrative organization has an ownership interest or from an entity with
23 an ownership interest in the pharmacy services administrative organization.

24 (b) A pharmacy services administrative organization that owns or is
25 owned by, in whole or in part, an entity that manufactures, sells, or
26 distributes prescription drugs, biologicals, or medical devices shall
27 disclose to the State Insurance Department any agreement with a pharmacy in
28 which the pharmacy purchases prescription drugs, biologicals, or medical
29 devices from a pharmacy services administrative organization or from an
30 entity that owns or is owned by, in whole or in part, the pharmacy services
31 administrative organization.

32
33 23-99-1906. Notice of appeals.

34 (a) A pharmacy services administrative organization-pharmacy contract
35 shall provide that if there is a dispute between a pharmacy and a pharmacy
36 benefits manager or a third-party payer, the pharmacy services administrative

1 organization shall ensure and facilitate timely communication from the
2 pharmacy to the pharmacy benefits manager or the third-party payer.

3 (b) A pharmacy services administrative organization-pharmacy contract
4 shall provide that the pharmacy services administrative organization shall
5 forward a notice of appeal from a pharmacy to the pharmacy benefits manager
6 or the third-party payer in a timely manner.

7 (c) If an appeal does not meet the minimum requirements described in
8 the pharmacy services administrative organization-pharmacy contract, the
9 pharmacy services administrative organization shall:

10 (1) Provide the pharmacy with the reason for the denial of the
11 appeal; and

12 (2) Allow the pharmacy to resubmit the appeal for a review by a
13 pharmacy benefits manager.

14 (d) In connection with an appeal or similar process under § 17-92-507,
15 a third-party payer's or pharmacy benefits manager's notice or provision of
16 information to a pharmacy services administrative organization is deemed to
17 be notice or provision of information to the pharmacy on whose behalf the
18 pharmacy services administrative organization has contracted.

19
20 23-99-1907. Enforcement.

21 (a) The Insurance Commissioner shall enforce this subchapter.

22 (b)(1) The commissioner may examine or audit the books and records of
23 a pharmacy services administrative organization providing claims
24 administrative services for a pharmacy to determine if the pharmacy services
25 administrative organization is in compliance with this subchapter.

26 (2) The information or data acquired during an examination under
27 subdivision (b)(1) of this section is:

28 (A) Considered proprietary and confidential under §§ 23-
29 61-107(a)(4) and 23-61-207; and

30 (B) Not subject to the Freedom of Information Act of 1967,
31 § 25-19-101 et seq.

32 (c) After notice and opportunity for hearing, the commissioner may:

33 (1) Impose a civil penalty of up to five thousand dollars
34 (\$5,000) per violation against a pharmacy services administrative
35 organization if the commissioner finds that the pharmacy services
36 administrative organization has violated this subchapter; or

1 (2) Revoke or suspend the license of a pharmacy services
2 administrative organization.

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4 */s/J. Dismang*

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