

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

SENATE BILL 475

5 By: Senator J. Dismang
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7

For An Act To Be Entitled

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

15 TO ESTABLISH THE PHARMACY SERVICES
16 ADMINISTRATIVE ORGANIZATION ACT; AND TO
17 REGULATE PHARMACY SERVICES
18 ADMINISTRATIVE ORGANIZATIONS.
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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".
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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 independent pharmacies to conduct business on their behalf with a third-party
 21 payer.

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

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

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

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

2 (i) Plan sponsor;

3 (ii) Healthcare service plan;

4 (iii) Health maintenance organization; or

5 (iv) Healthcare insurer.

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

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10 23-99-1903. Registration required.

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

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

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

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

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26 23-99-1904. Notice and disclosure requirements.

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

35 (b) A pharmacy services administrative organization shall disclose to
36 the State Insurance Department the extent of any ownership or control of the

1 pharmacy services administrative organization by a parent company,
2 subsidiary, or other organization that:

3 (1) Provides pharmacy services or support;

4 (2) Provides prescription drug or device services; or

5 (3) Manufactures, sells, or distributes prescription drugs,
6 biologicals, or medical devices.

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

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

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

20 (A) Provides pharmacy services or support;

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

22 (C) Manufactures, sells, or distributes prescription
23 drugs, biologicals, or medical devices.

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

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

1 which the pharmacy services administrative organization is negotiating.

2 (2) The disclosure required under subdivision (f)(1) of this
3 section shall include the extent of any ownership or control by any parent
4 company, subsidiary, or other organization that:

5 (A) Provides pharmacy services or support;

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

7 (C) Manufactures, sells, or distributes prescription
8 drugs, biologicals, or medical devices.

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

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16 23-99-1905. Accounting – Audits – Timely transmission of remittance –
17 Reporting patient cost sharing assistance.

18 (a) A contract between a pharmacy benefits manager and a pharmacy
19 services administrative organization under which the pharmacy benefits
20 manager has the right or obligation to conduct an audit of an independent
21 pharmacy shall contain specific language that permits the pharmacy benefits
22 manager to obtain information from the pharmacy services administrative
23 organization in connection with the pharmacy benefits manager's audit of an
24 independent pharmacy.

25 (b) A pharmacy services administrative organization-pharmacy contract
26 shall provide that a remittance for a claim submitted by a pharmacy benefits
27 manager or third-party payer on behalf of a pharmacy to the pharmacy services
28 administrative organization shall be passed through by the pharmacy services
29 administrative organization to the independent pharmacy within a reasonable
30 amount of time, established in the pharmacy services administrative
31 organization-pharmacy contract, after receipt of the remittance by the
32 pharmacy services administrative organization from a pharmacy benefits
33 manager or third-party payer.

34 (c)(1) A pharmacy services administrative organization that provides,
35 accepts, or processes a discount, concession, or product voucher to reduce,
36 directly or indirectly, a covered person's out-of-pocket expense for the

1 order, dispensing, substitution, sale, or purchase of a prescription drug
2 shall provide to the State Insurance Department an annual report, available
3 for public audit.

4 (2) The annual report required under subdivision (c)(1) of this
5 section shall include an aggregate total of:

6 (A) All transactions by the independent pharmacy; and

7 (B) Any payments received by a pharmacy services
8 administrative organization itself for providing, processing, or accepting a
9 discount, concession, or product voucher on behalf of an independent
10 pharmacy.

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12 23-99-1906. Wholesale and pharmacy services administrative
13 organization services – Single pharmacy services administrative organization-
14 pharmacy contract.

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

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33 23-99-1907. Notice of appeals.

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

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

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

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

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

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

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

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21 23-99-1908. Enforcement.

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

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

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

29 (A) Considered proprietary and confidential under §§ 23-
30 61-107(a)(4) and 23-61-207; and

31 (B) Not subject to the Freedom of Information Act of 1967,
32 § 25-19-101 et seq.

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

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

1 administrative organization has violated this subchapter; or
2 (2) Revoke or suspend the license of a pharmacy services
3 administrative organization.

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