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2 95th General Assembly
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4

As Engrossed: S3/19/25

A Bill

SENATE BILL 475

5 By: Senator J. Dismang
6
7

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.
13
14

Subtitle

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

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 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;

- (ii) Healthcare service plan;
- (iii) Health maintenance organization; or
- (iv) Healthcare insurer.

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

23-99-1903. Registration required.

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

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

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

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

23-99-1904. Notice and disclosure requirements.

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

(b) A pharmacy services administrative organization shall disclose to the State Insurance Department the extent of any ownership or control of the pharmacy services administrative organization by a parent company, 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.

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13 23-99-1905. Accounting – Audits – Timely transmission of remittance –
14 Reporting patient cost sharing assistance.

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

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

30 (c)(1) A pharmacy services administrative organization that provides,
31 accepts, or processes a discount, concession, or product voucher to reduce,
32 directly or indirectly, a covered person’s out-of-pocket expense for the
33 order, dispensing, substitution, sale, or purchase of a prescription drug
34 shall provide to the State Insurance Department an annual report, available
35 for public audit.

36 (2) The annual report required under subdivision (c)(1) of this

1 section shall include an aggregate total of:

2 (A) All transactions by the pharmacy; and

3 (B) Any payments received by a pharmacy services
4 administrative organization itself for providing, processing, or accepting a
5 discount, concession, or product voucher on behalf of a pharmacy.

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7 23-99-1906. Wholesale and pharmacy services administrative
8 organization services – Single pharmacy services administrative organization-
9 pharmacy contract.

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

18 (b) A pharmacy services administrative organization that owns or is
19 owned by, in whole or in part, an entity that manufactures, sells, or
20 distributes prescription drugs, biologicals, or medical devices shall
21 disclose to the State Insurance Department any agreement with a pharmacy in
22 which the pharmacy purchases prescription drugs, biologicals, or medical
23 devices from a pharmacy services administrative organization or from an
24 entity that owns or is owned by, in whole or in part, the pharmacy services
25 administrative organization.

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27 23-99-1907. Notice of appeals.

28 (a) A pharmacy services administrative organization-pharmacy contract
29 shall provide that if there is a dispute between a *pharmacy* and a pharmacy
30 benefits manager or a third-party payer, the pharmacy services administrative
31 organization shall ensure and facilitate timely communication from the
32 pharmacy to the pharmacy benefits manager or the third-party payer.

33 (b) A pharmacy services administrative organization-pharmacy contract
34 shall provide that the pharmacy services administrative organization shall
35 forward a notice of appeal from a *pharmacy* to the pharmacy benefits manager
36 or the third-party payer in a timely manner.

1 (c) If an appeal does not meet the minimum requirements described in
2 the pharmacy services administrative organization-pharmacy contract, the
3 pharmacy services administrative organization shall:

4 (1) Provide the pharmacy with the reason for the denial of the
5 appeal; and

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

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

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14 23-99-1908. Enforcement.

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

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

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

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

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

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

27 (1) Impose a civil penalty of up to five thousand dollars
28 (\$5,000) per violation against a pharmacy services administrative
29 organization if the commissioner finds that the pharmacy services
30 administrative organization has violated this subchapter; or

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

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34 */s/J. Dismang*