

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

HOUSE BILL 1620

By: Representative Gramlich

By: Senator K. Hammer

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING PHARMACY BENEFITS MANAGERS; TO REGULATE PROCESSING AND PAYMENT OF PHARMACY CLAIMS; TO CREATE THE PHARMACY AND PHARMACIST TIMELY RECONCILIATION AND PAYMENT OF PHARMACIST SERVICES ACT; TO AMEND THE ARKANSAS PHARMACY AUDIT BILL OF RIGHTS; TO AMEND THE ARKANSAS PHARMACY BENEFITS MANAGER LICENSURE ACT; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING PHARMACY BENEFITS MANAGERS; AND TO REGULATE PROCESSING AND PAYMENT OF PHARMACY CLAIMS.

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

SECTION 1. DO NOT CODIFY. Title.

This act shall be known and may be cited as the "Pharmacy and Pharmacist Timely Reconciliation and Payment of Pharmacist Services Act".

SECTION 2. DO NOT CODIFY. Legislative findings.

The General Assembly finds that:

(1) It is beneficial to the State of Arkansas to support patient access to prescription drugs and pharmacy services in a market that minimizes difficulties caused by slow payments from pharmacy benefits managers to improve patient care;



(2) Requiring prompt payment of coverage of prescription drugs to an Arkansas-licensed pharmacy and pharmacist will ensure that these pharmacies and pharmacists have stable and predictable cash flow from contracted intermediaries, vendors, pharmacy benefits managers, and claims processors hired by pharmaceutical manufacturers; and

(3) Prompt payment policies will improve the ability of an Arkansas-licensed pharmacy to:

(A) Serve patients with better and more stable prescription drug inventory for immediate patient-care needs; and

(B) Better respond to future national security threats and natural disasters in the communities of Arkansas.

SECTION 3. Arkansas Code § 17-92-1201, concerning the Arkansas Pharmacy Audit Bill of Rights, is amended to add an additional subsection to read as follows:

(i) This section does apply to the Arkansas Medicaid Program, including a vendor or an entity that is hired or contracted by the Arkansas Medicaid Program to conduct an audit of pharmacy claims processed under the Arkansas Medicaid Program.

SECTION 4. Arkansas Code Title 17, Chapter 92, Subchapter 12, is amended to add an additional section to read as follows:

17-92-1202. Definitions.

As used in this subchapter:

(1)(A) "Audit" means a financial audit, performance audit, information technology audit, review, report of agreed-upon procedures, compilation, examination, investigation, prepayment audit, or other report or procedure regarding the practice of pharmacy, including without limitation an audit of a pharmacist or pharmacy for pharmacist services.

(B) "Audit" includes a prescription validation request or prescription validation review if:

(i) The prescription validation request or review requires the pharmacist or pharmacy to submit additional information to the pharmacy benefits manager after a claim has been processed successfully at the point of sale; or

(ii) There is any attempted or required recoupment

of funds or denial of payment to the pharmacy or pharmacist after a successful electronically billed or submitted claim based on a prescription validation request or prescription validation review;

(2) "Prepayment audit" means an audit or review that occurs shortly after the sale and dispensing of a drug to a patient and before the reimbursement payment to the pharmacy, regardless of the label given to the audit or review or the method used to communicate the prepayment audit to the pharmacy;

(3) "Prescription validation request or review" means information provided to a pharmacy or pharmacist to help educate, clarify, or verify the accuracy and validity of prescription claim submissions; and

(4) "Randomly selected" means selected without method or conscious decision.

SECTION 5. Arkansas Code § 23-92-503(8), concerning the definition of "pharmacy benefits manager" used under the Arkansas Pharmacy Benefits Manager Licensure Act, is amended to read as follows:

(8)(A) "Pharmacy benefits manager" means a person, business, or entity, including a wholly or partially owned or controlled subsidiary of a pharmacy benefits manager, that provides claims processing services, pharmacy benefits management services, or other prescription drug or device services, or ~~both~~ any combination of the three (3), for health benefit plans.

(B) "Pharmacy benefits manager" does not include any:

- (i) Healthcare facility licensed in Arkansas;
- (ii) Healthcare professional licensed in Arkansas;
- (iii) Consultant who only provides advice as to the selection or performance of a pharmacy benefits manager; or
- (iv) Entity that provides claims processing services or other prescription drug or device services for the fee-for-service Arkansas Medicaid Program only in that capacity;

SECTION 6. 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) "Clean claim" means a pharmacy claim that does not have a defect, including without limitation a lack of any required substantiating

documentation or particular circumstance requiring special treatment that may prevent timely payment of the pharmacy claim.

(B) "Clean claim" includes an electronic pharmacy claim that successfully processes in real time with an approval of drug, dosing, prescriber, or patient eligibility upon an electronic adjudication of a pharmacy claim with the displayed paid amount from the pharmacy benefits manager and the patient copay.

(C) "Clean claim" does not include a successfully adjudicated pharmacy claim that the pharmacy or pharmacist obtained by fraud or a clerical error or misrepresentation of the pharmacy claim elements;

(17) "Date of the receipt of a claim" means a claim that is considered to have been received:

(A) For an electronic claim, on the date on which the claim is transferred; or

(B) For other manual or paper claim, on the fifth day after the postmark date of the claim or the date specified in the time stamp of the transmission, whichever is sooner;

(18) "Material alteration to a contract" means a change to a contract or addendum to a contract that shall be made explicitly and shall not be made by reference through a pharmacy provider manual;

(19)(A) "Pharmacy benefits management services" means the management or administration of a plan or program that:

(i) Pays or reimburses for a price and covers the cost of prescription drugs and medical devices;

(ii) Includes the processing and payment of claims for prescription drugs and the adjudication of appeals or grievances related to the prescription drug benefit;

(iii) Includes electronic or manual processing and payment of claims through the adjudication of prescription drug manufacturer coupons or prescription drug manufacturer discounts; or

(iv) Includes prescription discount card services, processing, electronic adjudication, or payment of claims for prescription drugs by a discount card or discount card processor in situations in which a vendor that otherwise identifies itself as a discount card vendor has been subcontracted or contracted directly or indirectly by another licensed pharmacy benefits manager or healthcare payor.

(B) "Pharmacy benefits management services" does not include a prescription discount card service if the:

(i) Entire amount is paid by the patient, and the individual pharmacy has directly contracted with the prescription discount card service for each individual pharmacy and not through a pharmacy services administrative organization or a leased pharmacy benefits manager network; or

(ii) Entire amount is paid by the patient, and the discount card is an in-house pharmacy discount card;

(20)(A) "Pharmacy provider manual" means a document provided by a pharmacy benefits manager to a pharmacist or pharmacy that may provide contracted pharmacy providers with information about regulations, administrative procedures, billing instructions, information on how to meet the pharmacist's or pharmacy's contractual obligations, contact information, audit information, maximum allowable cost appeals, pricing appeals, and other details about various networks managed by the pharmacy benefits manager.

(B) "Pharmacy provider manual" does not include a material alteration to a contract that shall be made explicitly in a contract or addendum;

(21)(A) "Prescription drug manufacturer" or "pharmaceutical manufacturer" means a business or entity that makes, processes, or packages prescription drugs, over-the-counter medications, or medical devices to sell in a pharmacy or other healthcare facility.

(B) "Prescription drug manufacturer" or "pharmaceutical manufacturer" includes an entity that manipulates, tests, or controls the product or process; and

(22) "Prescription drug manufacturer coupon" or "pharmaceutical manufacturer coupon" means a prescription drug discount that is:

(A) Utilized to reduce the cost of prescription medications in a pharmacy at the point of sale in the form of copayment reduction, discount, e-voucher, electronic voucher, or a card to help a consumer reduce the out-of-pocket costs, including without limitation a copayment and coinsurance, or otherwise lower the overall cost of prescription drugs; and

(B) Sponsored or provided by a prescription drug manufacturer or pharmaceutical manufacturer usually through a vendor or an electronic claims processor.

SECTION 7. Arkansas Code Title 23, Chapter 92, Subchapter 5, is amended to add additional sections to read as follows:

23-92-512. Pharmacy claims – Procedures.

(a) On and after January 1, 2026, a contract or a pharmacy provider manual between a pharmacy benefits manager and a pharmacy or a pharmacist shall be updated to indicate that the pharmacy benefits manager will issue, mail, or otherwise transmit payment with respect to a clean claim submitted by a pharmacy or a pharmacist:

(1) Seven (7) to fourteen (14) days after the date of the receipt of a claim for an electronic claim; or

(2) Thirty (30) days after the date of the receipt of a claim for any other paper or manually submitted claim.

(b)(1) A claim is a clean claim if the pharmacy benefits manager receiving the claim does not provide notice to the submitting pharmacist or pharmacy of any deficiency or error in the claim within:

(A) Ten (10) days after the date of the receipt of a claim for an electronic claim; or

(B) Fifteen (15) days after the date of the receipt of a claim for any other manual or paper claim.

(2)(A) If a pharmacy benefits manager determines that a submitted claim is not a clean claim, the pharmacy benefits manager shall notify the submitting pharmacy or pharmacist of the determination within the period described under subdivision (b)(1) of this section.

(B) The notification required under subdivision (b)(2)(A) of this section shall:

(i) Be submitted in writing or electronically by email to the pharmacist or pharmacy to specify all defects, clerical errors, or improprieties in the claim; and

(ii) List any additional information necessary for the proper processing and payment of the claim.

(3)(A) After the additional information described in subdivision (b)(2)(B)(ii) of this section is submitted by the network pharmacy, a claim becomes a clean claim within ten (10) days if the pharmacy benefits manager does not provide notice to the submitting network pharmacy of any remaining defect or impropriety in the claim or of any new defect or impropriety in the

additional information submitted.

(B) A pharmacy benefits manager shall not provide notice of a new deficiency or impropriety in the claim that could have been identified by the pharmacy benefits manager in the original claim submission under this subsection.

(c) A claim submitted to a pharmacy benefits manager that is not paid by the pharmacy benefits manager within the time frame specified in subdivision (a)(1) or subdivision (a)(2) of this section or is contested by the pharmacy benefits manager within the time frame specified in subdivision (b)(2) of this section shall be:

(1) Deemed to be a clean claim; and

(2) Paid by the pharmacy benefits manager according to subsection (a) of this section.

(d) A payment of a clean claim under subdivision (c)(1) of this section is considered to have been made on the date that:

(1) The payment is transferred, for an electronic claim; or

(2) The payment is submitted to the United States Postal Service or common carrier for delivery, for any other claim.

(e)(1)(A) A pharmacy benefits manager shall pay a penalty of twelve percent (12%) per month for a late payment of claims to the contracted pharmacist or pharmacy.

(B) The penalty described under subdivision (e)(1)(A) of this section begins the day after the required payment date and ends on the date on which the proper payment for the clean claim is made.

(2)(A) As determined by the Insurance Commissioner, a pharmacy benefits manager shall not be penalized or required to pay interest under subdivision (e)(1) of this section in exigent circumstances that prevent the timely processing of claims, including natural disasters and other unique and unexpected events, unless it involves a cybersecurity breach or a data security issue with the pharmacy benefits manager or healthcare payor.

(B) A cybersecurity breach or a data security issue involving the pharmacy benefits manager or the healthcare payor that delays payment to a pharmacist or a pharmacy is subject to interest payments.

(f)(1) A pharmacy benefits manager shall pay a clean claim submitted electronically by an electronic transfer of funds if the submitting network pharmacy so requests or has so requested previously that contract year.

(2) If the payment is made electronically, remittance may also be made electronically by the pharmacy benefits manager.

(g)(1) This section does not prohibit or limit a claim or action that an individual or organization has against a pharmacy, provider, or pharmacy benefits manager that is not covered by the subject matter of this section.

(2) A pharmacy benefits manager shall not retaliate against an individual, pharmacy, or provider for exercising a right of action under subdivision (g)(1) of this section, as consistent with applicable federal or state law.

23-92-513. Pharmaceutical manufacturers.

(a) A pharmaceutical manufacturer that utilizes a vendor, pharmacy benefits manager, or electronic claims processor to process prescription drug manufacturer coupons or pharmaceutical manufacturer coupons shall:

(1) Have an active wholesale distributor permit and be in good standing with the Arkansas State Board of Pharmacy under § 20-64-505; and

(2) Ensure that an intermediary, vendor, pharmacy benefits manager, or a claims processor complies with timely payment of a pharmacy claim as required under § 23-92-512.

(b)(1) The board shall require a pharmaceutical manufacturer to pay twelve percent (12%) interest per month directly to the affected pharmacy or pharmacist if the pharmaceutical manufacturer's vendor or intermediary does not resolve a complaint for a clean claim's being paid within:

(A) Fourteen (14) days after the date of the receipt of a claim for an electronic claim; or

(B) Thirty (30) days after the date of the receipt of a claim for any other paper or manually submitted claim.

(2) The penalty described under subdivision (b)(1) of this section begins the day after the required payment date and ends on the date on which the proper payment for the clean claim is made.

APPROVED: 3/20/25