

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
95th General Assembly
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As Engrossed: H3/18/25

A Bill

HOUSE BILL 1703

By: Representative L. Johnson

By: Senator Irvin

For An Act To Be Entitled

AN ACT TO PROVIDE A DRUG REIMBURSEMENT PROCESS FOR
CERTAIN HEALTHCARE PROVIDERS; AND FOR OTHER PURPOSES.

Subtitle

TO PROVIDE A DRUG REIMBURSEMENT PROCESS
FOR CERTAIN HEALTHCARE PROVIDERS.

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

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

Subchapter 19 – Drug Reimbursement Process

23-99-1901. Definitions.

(a) As used in this subchapter:

(1) "Contracting entity" means a healthcare insurer or a subcontractor, affiliate, or other entity that contracts directly or indirectly with a healthcare provider for the delivery of healthcare services to patients;

(2)(A) "Drug" means a substance prescribed, administered, or employed by a healthcare provider that is used to prevent, diagnose, treat, or relieve symptoms of a disease, injury, or abnormal condition.

(B) "Drug" includes a prescription drug, medicine, biological product, pharmaceutical, radiopharmaceutical, or other medical supply;

(3)(A) "Health benefit plan" means a plan, policy, contract,



certificate, agreement, or other evidence of coverage for healthcare services offered or issued by a healthcare insurer in this state.

(B) "Health benefit plan" includes indemnity and managed care plans.

(C) "Health benefit plan" does not include:

(i) A plan that provides only dental benefits or eye and vision care benefits;

(ii) A disability income plan;

(iii) A credit insurance plan;

(iv) Insurance coverage issued as a supplement to liability insurance;

(v) A medical payment under an automobile or homeowners insurance plan;

(vi) A health benefit plan provided under Arkansas Constitution, Article 5, § 32, the Workers' Compensation Law, § 11-9-101 et seq., or the Public Employee Workers' Compensation Act, § 21-5-601 et seq.;

(vii) A plan that provides only indemnity for hospital confinement;

(viii) An accident-only plan;

(ix) A specified disease plan;

(x) A long-term-care-only plan; or

(xi) Nonfederal governmental plans as defined in 29 U.S.C. § 1002(32), as it existed on January 1, 2025;

(4)(A) "Healthcare insurer" means an entity that is subject to state insurance regulation and provides health insurance in this state.

(B) "Healthcare insurer" includes:

(i) An insurance company;

(ii) A health maintenance organization; or

(iii) A hospital and medical service corporation.

(C) "Healthcare insurer" does not include an entity that provides only dental benefits or eye and vision care benefits;

(5) "Healthcare provider" means a person or entity that is licensed, certified, or otherwise authorized by the laws of this state to provide healthcare services; and

(6)(A) "Healthcare services" means services or goods provided for the purpose of or incidental to the purpose of preventing, diagnosing,

treating, alleviating, relieving, curing, or healing human illness, disease, condition, disability, or injury.

(B) "Healthcare services" includes services for the diagnosis, prevention, treatment, or cure of a condition, illness, injury, or disease.

(C) "Healthcare services" does not include a service reimbursed through a pharmacy benefits manager licensed under the Arkansas Pharmacy Benefits Manager Licensure Act, § 23-92-501 et seq.

23-99-1902. Drug reimbursement process.

(a)(1) A contracting entity shall provide a reasonable administrative appeal procedure to allow a healthcare provider to challenge the reimbursement for a specific drug as being below the healthcare provider's drug acquisition cost.

(2) The reasonable administrative appeal procedure under subdivision (a)(1) of this section shall include:

(A) A dedicated telephone number, email address, and website for the purpose of submitting an administrative appeal;

(B) The ability to submit an administrative appeal directly to the healthcare insurer or health benefit plan; and

(C) The ability to file an administrative appeal no less than sixty (60) business days following the adjudication of a claim.

(b) If a challenge is made under subsection (a) of this section, within thirty (30) business days of receipt of the challenge, the contracting entity shall:

(1) If the appeal is upheld:

(A) Make the change in the reimbursement rate to at least one hundred ten percent (110%) of the healthcare provider's drug acquisition cost;

(B) Reprocess, or cause the healthcare insurer or health benefit plan to reprocess, the claim in question at the reimbursement rate established under subdivision (b)(1)(A) of this section; and

(C) Process, or cause the healthcare insurer or health benefit plan to reprocess, any subsequent claim for the same drug, as identified by the National Drug Code or Healthcare Common Procedure Coding System, at the reimbursement rate established in subdivision (b)(1)(A) of

this section; or

(2) If the appeal is denied, provide the challenging healthcare provider with the specific information about the basis for the denial, including without limitation any additional information necessary to establish the drug acquisition cost.

(c) If an appeal is upheld under subdivision (b)(1) of this section, the rate established by the appeal shall remain in place:

(1) For an appeal initiated before the last month of a contracting entity's fiscal quarter, until the end of the fiscal quarter that the appeal was initiated; and

(2) For an appeal initiated within the last month of a contracting entity's fiscal quarter, until the end of the fiscal quarter following the quarter that the appeal was initiated.

(d)(1) A healthcare provider may provide a quarterly notice to a contracting entity of all drugs with an acquisition cost below the contracted reimbursement rate.

(2) If a contracting entity receives notice under subdivision (d)(1) of this section, the contracting entity may change the reimbursement rates to at least one hundred ten percent (110%) of the healthcare provider's drug acquisition cost without an appeal under this section.

/s/L. Johnson