

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

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: S3/19/25 S4/2/25

A Bill

SENATE BILL 475

By: Senator J. Dismang
By: Representative Eaves

For An Act To Be Entitled

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

Subtitle

TO ESTABLISH THE PHARMACY SERVICES
ADMINISTRATIVE ORGANIZATION ACT; AND TO
REGULATE PHARMACY SERVICES
ADMINISTRATIVE ORGANIZATIONS.

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 – Pharmacy Services Administrative Organization Act

23-99-1901. Title.

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

23-99-1902. Definitions.

As used in this subchapter:

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

(B) "Administrative services" includes without limitation:

(i) Assistance with a claim;



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

company, subsidiary, or other organization that:

(A) Provides pharmacy services or support;

(B) Provides prescription drug or device services; or

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

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

23-99-1905. Wholesale and pharmacy services administrative organization services – Single pharmacy services administrative organization-pharmacy contract.

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

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

23-99-1906. Notice of appeals.

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

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

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

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

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

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

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

23-99-1907. Enforcement.

(a) The Insurance Commissioner shall enforce this subchapter.

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

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

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

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

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

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

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

/s/J. Dismang