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SB 1356: pharmacy benefit managers; prohibited fees

Sponsor: Senator Barto, LD 15
Committee on Commerce

Overview

Prohibits a pharmacy benefit manager (PBM) from charging a pharmacist a fee relating to the claims adjudication process.

History

A *PBM* is a person, business or other entity that, pursuant to a contract or under an employment relationship with an insurer or other third-party payor, manages the prescription drug coverage provided by the insurer or other third-party payor, including:

- 1) Processing and payment of claims for prescription drugs;
- 2) Performance of drug utilization review;
- 3) Processing of drug prior authorization requests;
- 4) Adjudication of appeals or grievances related to prescription drug coverage;
- 5) Contracting with network pharmacies; and
- 6) Controlling the cost of covered prescription drugs ([A.R.S. § 20-3321](#)).

Pursuant to [A.R.S. § 20-3331](#), a PBM must do all of the following:

- 1) Update the price and drug information for each list that the PBM maintains every seven business days;
- 2) At specified times, make available to each network pharmacy the sources used to determine maximum allowable cost pricing;
- 3) Establish a process by which a network pharmacy may appeal its reimbursement for a drug subject to maximum allowable cost pricing; and
- 4) Allow a pharmacy services administrative organization that is contracted with the PBM to file an appeal of a drug on behalf of the organization's contract pharmacies.

Under current law, with deference to federal law, a PBM may not prohibit a pharmacist or pharmacy from providing an insured individual information on the insured's cost share for the prescription drugs and the clinical efficiency of more affordable alternatives or penalize a pharmacy or pharmacist for disclosing such information or for selling more affordable alternatives to the insured. Additionally, a PBM may not require a pharmacist or pharmacy to charge or collect a copayment that exceeds the total submitted charges by the network pharmacy ([A.R.S. 44-1752](#)).

Provisions

1. Prohibits a PBM from, on behalf of itself, a plan sponsor or an insurer, charging or holding a pharmacist or pharmacy responsible for a fee for any step of, component or mechanism related to the claims adjudication process, including:
 - a) Adjudicating a pharmacy benefit claim;
 - b) Processing or transmitting a benefit claim; or

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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- c) Developing, managing, or participating in a claims processing or adjudication network. (Sec. 1)
- 2. Permits a pharmacy to submit a complaint of a violation to the Director of the Department of Insurance and Financial Institutions (Director).
 - a) Requires the pharmacy to include supporting documentation when filing the complaint.
 - b) Instructs the Director to investigate the complaint.
 - c) Allows the Director to examine and audit the books and records of a PBM to determine if a violation has occurred. (Sec. 1)
- 3. Permits the Director, upon finding that a violation has been committed by a PBM, to:
 - a) Seek an injunction and apply for temporary and permanent orders that are necessary to restrain the PBM from continuing the violation; and
 - b) Issue a cease and desist order on the PBM. (Sec. 1)
- 4. Subjects a PBM found in violation to statutory civil penalties relating to prohibited practices. (Sec. 1)
- 5. Allows any person who is damaged by a violation committed by a PBM to bring a civil action for damages against the PBM found in violation. (Sec. 1)
- 6. Contains an applicability clause. (Sec. 2)