

2026 -- S 3060 SUBSTITUTE A AS AMENDED

LC005062/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO INSURANCE -- PHARMACY BENEFIT MANAGERS ACT

Introduced By: Senators Appollonio, Murray, Lawson, Ciccone, Tikoian, and
LaMountain

Date Introduced: March 12, 2026

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 84

4 PHARMACY BENEFIT MANAGERS ACT

5 **27-84-1. Short title.**

6 This chapter shall be known and may be cited as the "Pharmacy Benefit Managers Act."

7 **27-84-2. Definitions.**

8 For the purpose of this chapter:

9 (1) "Controlling person" means any person or entity that directly or indirectly has the power
10 to direct or cause to be directed the management, control or activities of a pharmacy benefit
11 manager.

12 (2) "Health insurance commissioner" or "commissioner" means the office of health
13 insurance commissioner.

14 (3) "Insured" or "covered individual" means any person who is entitled to have pharmacy
15 services paid by an insurer pursuant to a policy, certificate, contract, or agreement of insurance or
16 coverage.

17 (4) "Insurer" means an insurance carrier as defined in chapters 18, 19, 20, and 41 of this
18 title.

19 (5) "Pharmacy benefit management services" means the management or administration of

1 prescription drug benefit for an insurer, directly or indirectly through another entity, and regardless
2 of whether the pharmacy benefit manager and the insurer are related, or associated by ownership,
3 common ownership, organization or otherwise. Such management or administration of prescription
4 drug benefit includes, but is not limited to:

5 (i) The administration or management of prescription drug benefits;

6 (ii) Claims processing, retail network management, or payment of claims to pharmacies for
7 dispensing prescription drugs;

8 (iii) Clinical or other formulary or preferred drug list development or management;

9 (iv) Negotiation or administration of rebates, discounts, payment differentials, or other
10 incentives, for the inclusion of particular prescription drugs in a particular category or to promote
11 the placement of particular prescription drugs on a formulary or preferred drug list;

12 (v) Patient compliance, therapeutic intervention, or generic substitution programs;

13 (vi) Disease management;

14 (vii) Drug utilization review or prior authorization;

15 (viii) Adjudication of appeals or grievances related to prescription drug coverage;

16 (ix) Contracting with network pharmacies; and

17 (x) Controlling the cost of covered prescription drugs.

18 (6) "Pharmacy benefit manager" or "PBM" shall have the meaning provided in § 27-19-
19 26.2.

20 (7) "Rebate" means all price concessions paid by a manufacturer to a pharmacy benefit
21 manager or insurer, including rebates, discounts, and other price concessions that are based on the
22 actual or estimated utilization of a prescription drug. Rebates also include price concessions based
23 on the effectiveness of a drug as in a value-based or performance-based contract.

24 (8) "Restricted pharmacy network" shall have the meaning provided in § 27-29.1-1.

25 (9) "Spread pricing" means any amount charged or claimed by a pharmacy benefit manager
26 for a prescription drug that exceeds the amount paid by the pharmacy benefit manager to a
27 pharmacy or pharmacist for the dispensing of the prescription drug.

28 **27-84-3. Certificate of authority required.**

29 (a) No person, firm, association, corporation or other entity may act, offer to act as, or hold
30 itself out to be a pharmacy benefit manager, without having a valid certificate of authority as a
31 pharmacy benefit manager issued by the health insurance commissioner.

32 (b) Any person, firm, association, corporation or other entity that violates this section shall,
33 in addition to any other penalty provided by law, be liable for restitution and compensatory
34 damages to any insurer, pharmacy or covered individual, or other person harmed by the violation

1 and shall also be subject to either a penalty not exceeding the greater of ten thousand dollars
2 (\$10,000) for the first violation and fifteen thousand dollars (\$15,000) for each subsequent
3 violation; or the aggregate gross receipts attributable to all violations.

4 **27-84-4. Requirements for pharmacy benefit managers.**

5 (a) Any person, firm, association or corporation who applies to be certified as a pharmacy
6 benefit manager shall make an application to the commissioner in such form(s) and supplements
7 required by the commissioner. The commissioner may issue a certificate of authority to applicants
8 that have complied with the requirements of this chapter. The commissioner may reject an
9 application filed by a pharmacy benefit manager that fails to comply with the requirements of this
10 chapter.

11 (b) For each business entity, the officer(s) and director(s) named in the application and the
12 successors thereof shall be responsible for the business entity's compliance with the applicable
13 laws, rules and regulations of this state.

14 (c) Applicants to be a pharmacy benefit manager shall make an application to the health
15 insurance commissioner upon a form to be furnished by the commissioner. The application shall
16 include or be accompanied by the following information and documents:

17 (1) All basic organizational documents of the pharmacy benefit manager including, but not
18 limited to, any articles of incorporation, articles of association, partnership agreement, trade name
19 certificate, trust agreement, shareholder agreement, and other applicable documents and all
20 amendments to those documents;

21 (2) The bylaws, rules, regulations, or similar documents regulating the internal affairs of
22 the pharmacy benefit manager;

23 (3) The names, addresses, official positions, and professional qualifications of the
24 individuals who are responsible for the conduct of affairs of the pharmacy benefit manager;
25 including, all members of the board of directors, board of trustees, executive committee, or other
26 governing board or committee; the principal officers in the case of a corporation or the partners or
27 members in the case of a partnership or association; shareholders holding directly or indirectly ten
28 percent (10%) or more of the voting securities of the pharmacy benefit manager; and any other
29 person who exercises control or influence over the affairs of the pharmacy benefit manager;

30 (4) Annual financial statements or reports for the two (2) most recent years which prove
31 that the applicant is solvent and any information that the health insurance commissioner may
32 require in order to review the current financial condition of the applicant;

33 (5) A statement describing the business plan of the pharmacy benefit manager including,
34 but not limited to, information pertaining to staffing levels and activities proposed in this state and

1 nationwide. The plan shall provide details setting forth the pharmacy benefit manager's capability
2 for providing a sufficient number of experienced and qualified personnel in the areas of claims
3 processing, recordkeeping and underwriting;

4 (6) Standards and practices utilized by the pharmacy benefit manager for:

5 (i) The creation of pharmacy networks and contracting with network pharmacies and other
6 providers in compliance with chapter 29.1 of title 27, including promotion and use of independent
7 and community pharmacies and patient access;

8 (ii) Development of pricing models used by pharmacy benefit manager both for their
9 services to an insurer and for the payment of services to a pharmacy benefit manager by a third-
10 party administrator; and

11 (iii) Protection of consumers; and

12 (7) Any other pertinent information that may be required by the commissioner on any of
13 the following related to a pharmacy benefit manager's operations in any state including, but not
14 limited to:

15 (i) Conflicts of interest between pharmacy benefit managers and insurers;

16 (ii) Deceptive practices in connection with the performance of pharmacy benefit
17 management services;

18 (iii) Anti-competitive practices in connection with the performance of pharmacy benefit
19 management services; and

20 (iv) Unfair claims practices in connection with the performance of pharmacy benefit
21 management services.

22 (d) The applicant shall make available, for inspection by the office of the health insurance
23 commissioner, copies of all contracts with insurers, third-party benefit administrators, and other
24 persons or entities utilizing the services of the pharmacy benefit manager in this state.

25 (e) A pharmacy benefit manager shall immediately notify the office of the health insurance
26 commissioner of any material change in its ownership, control, or other fact or circumstance
27 affecting its qualification for a certificate of authority in this state. Any pharmacy benefit manager
28 holding a certificate issued under this chapter shall inform the office of the health insurance
29 commissioner by a means acceptable to the commissioner of a change of address within thirty (30)
30 days of the change.

31 **27-84-5. Certificate of authority term, renewal, and fees.**

32 (a) Any person, firm, association or corporation who applies to be certified as a pharmacy
33 benefit manager shall provide with the submission of an application to the office of the health
34 insurance commissioner a fee of ten thousand dollars (\$10,000) for each year or fraction of a year

1 in which a certificate shall be valid.

2 (b) Every pharmacy benefit manager's certificate shall expire twenty-four (24) months after
3 the date of issue. Every certificate issued pursuant to this chapter may be renewed for the ensuing
4 period of twenty-four (24) months upon the filing of an application and renewal fee of ten thousand
5 dollars (\$10,000) in conformity with this chapter.

6 (c) If an application for a renewal certificate shall have been filed with the office of the
7 health insurance commissioner at least two (2) months before its expiration, then the certificate
8 sought to be renewed shall continue in full force and effect either until the issuance by the health
9 insurance commissioner of the renewal certificate applied for or until five (5) days after the
10 commissioner shall have refused to issue such renewal certificate and given notice of such refusal
11 to the applicant.

12 (d) The health insurance commissioner may refuse to issue a pharmacy benefit manager's
13 certificate of authority if, in the commissioner's judgment, the applicant or any member, principal,
14 officer or director of the applicant, is not trustworthy and competent to act as or in connection with
15 a pharmacy benefit manager, or that any of the foregoing has given cause for revocation or
16 suspension of such license, or has failed to comply with any prerequisite for the issuance of such
17 license.

18 (e) Pharmacy benefit manager applicants and certificate holders shall be subject to
19 examination by the office of the health insurance commissioner as often as the commissioner may
20 deem it expedient. The commissioner may promulgate any necessary regulations establishing
21 methods and procedures for facilitating and verifying compliance with the requirements of this
22 chapter.

23 (f) The commissioner may issue a replacement for a currently in-force certificate that has
24 been lost or destroyed. Before the replacement certificate shall be issued, there shall be on file with
25 the office of the health insurance commissioner a written application for the replacement certificate,
26 affirming under penalty of perjury that the original certificate has been lost or destroyed, together
27 with a fee of two thousand dollars (\$2,000).

28 **27-84-6. Reporting requirements for pharmacy benefit managers.**

29 (a) On or before July first of each year, every pharmacy benefit manager shall report to the
30 office of the health insurance commissioner, in a statement subscribed and affirmed as true under
31 penalties of perjury, the information requested by the commissioner including, but not limited to:

32 (1) Any pricing discounts, rebates of any kind, inflationary payments, credits, clawbacks,
33 fees, grants, chargebacks, reimbursements, other financial or other reimbursements, incentives,
34 inducements, refunds or other benefit received by the pharmacy benefit manager;

1 (2) The terms and conditions of any contract or arrangement, including other financial or
2 other reimbursements incentives, inducements or refunds between the pharmacy benefit manager
3 and any other party relating to pharmacy benefit management services provided to an insurer
4 including, but not limited to, dispensing fees paid to pharmacies;

5 (3) The following information attributable to patient utilization of prescription drugs
6 covered by insurers in the state including, but not limited to:

7 (i) The aggregated dollar amount of rebates and fees collected from pharmaceutical
8 manufacturers;

9 (ii) The aggregated dollar amount of rebates and fees collected from pharmaceutical
10 manufacturers that were passed to insurers;

11 (iii) The aggregated dollar amount of rebates and fees collected from pharmaceutical
12 manufacturers passed to covered individuals at the point of sale of a prescription drug; and

13 (iv) The aggregated dollar amount of rebates and fees collected from pharmaceutical
14 manufacturers that were retained by the pharmacy benefit manager.

15 (4) A response to a set of standard questions developed by the commissioner regarding
16 business practices including, but not limited to, spread pricing, pharmacy network development,
17 and utilization management;

18 (5) The rebate percentage and dollar amount retained by the pharmacy benefit manager for
19 every rebate, discount, price concession or other consideration under each rebate contract; and

20 (6) The dollar amount of any other compensation paid by a drug manufacturer to a
21 pharmacy benefit manager for services, including distribution management services, data or data
22 services, marketing or promotional services, research programs, or other ancillary services, under
23 each rebate contract.

24 (b) The office of the health insurance commissioner may require the filing of quarterly or
25 other statements, which shall be in such form and shall contain such matters as the commissioner
26 shall prescribe.

27 (c) The commissioner may address to any pharmacy benefit manager or its officers any
28 inquiry in relation to its provision of pharmacy benefit management services or any matter
29 connected therewith. Every pharmacy benefit manager or person so addressed shall reply in writing
30 to such inquiry promptly and truthfully, and such reply shall be, if required by the office of the
31 health insurance commissioner, subscribed by such individual, or by such officer or officers of the
32 pharmacy benefit manager, as the commissioner shall designate, and affirmed by them as true under
33 the penalties of perjury.

34 (d) In the event any pharmacy benefit manager or person does not submit the report

1 required by subsection (a) of this section, the commissioner is authorized to levy a civil penalty
2 against such pharmacy benefit manager or person not to exceed ten thousand dollars (\$10,000) per
3 day for each day beyond the date the report is due or the date specified by the commissioner for
4 response to the inquiry.

5 (e) Not later than October 1 of each year, the commissioner shall publish the aggregated
6 data from all reports for that year required by this section in an appropriate location on the office
7 of health insurance commissioner's Internet website. The combined aggregated data from the
8 reports must be published in a manner that does not disclose or tend to disclose proprietary or
9 confidential information of any pharmacy benefit manager or insurer.

10 (f) All information, documents and material disclosed by a pharmacy benefit manager
11 under this section and in the possession or under the control of the office of the health insurance
12 commissioner shall be deemed confidential and not subject to disclosure except to the extent such
13 information is included on an aggregated basis across all pharmacy benefit managers in the
14 published report required by subsection (e) of this section. This subsection shall not apply to
15 information, documents and materials where they are in the possession and under the control of a
16 person or entity other than the commissioner.

17 **27-84-7. Additional obligations.**

18 (a) No pharmacy benefit manager shall violate any provisions of the state law applicable
19 to pharmacy benefit managers.

20 (b) No pharmacy benefit manager shall permit any subcontractor, affiliate, subsidiary, or
21 other individual or entity performing pharmacy benefit management services for a pharmacy
22 benefit manager to take any action which would violate any provision of law if taken by the
23 pharmacy benefit manager. A pharmacy benefit manager shall be responsible for the actions of any
24 subcontractor, affiliate, subsidiary, or other individual or entity who violates any provision of this
25 article in performance of any pharmacy benefit management services for such pharmacy benefit
26 manager whether or not the pharmacy benefit manager was aware of, or sanctioned, the conduct.

27 **27-84-8. Grounds for suspension or revocation of certificate of authority.**

28 (a) The commissioner may revoke or suspend the certificate of any pharmacy benefit
29 manager if, after notice and hearing, the director determines that the pharmacy benefit manager or
30 any member, principal, officer, commissioner, or controlling person of the pharmacy benefit
31 manager, has:

32 (1) Violated any applicable laws, regulations, or orders of the commissioner or another
33 state's authority who oversees pharmacy benefit managers, or has violated any law in the course of
34 his or her dealings in such capacity after such certificate of authority has been issued or renewed

1 pursuant to this chapter;

2 (2) Provided materially incorrect, materially misleading, materially incomplete or
3 materially untrue information in the application for a certificate of authority;

4 (3) Obtained or attempted to obtain a certificate of authority through misrepresentation or
5 fraud;

6 (4) Used fraudulent, coercive or dishonest practices;

7 (5) Demonstrated incompetence;

8 (6) Demonstrated untrustworthiness; or

9 (7) Demonstrated financial irresponsibility in the conduct of business in this state or
10 elsewhere;

11 (8) Improperly withheld, misappropriated or converted any monies or properties received
12 in the course of business in this state or elsewhere;

13 (9) Intentionally misrepresented the terms of an actual or proposed contract;

14 (10) Admitted to or been found to have committed any insurance unfair trade practice or
15 fraud;

16 (11) Had a pharmacy benefit manager certificate, registration, or license, or its equivalent,
17 denied, suspended or revoked in any other state, province, district or territory;

18 (12) Failed to pay state income tax or comply with any administrative or court order
19 directing payment of state income tax; or

20 (13) Ceased to meet the requirements for a certificate of authority under this chapter.

21 (b) Before revoking or suspending the certificate of authority of any pharmacy benefit
22 manager pursuant to the provisions of this chapter, the commissioner shall give notice to the holder
23 of the certificate of authority and shall hold, or cause to be held, an adjudicatory proceeding in
24 conformity with chapter 35 of title 42.

25 (c) If a pharmacy benefit manager's certificate of authority in accordance with this section
26 is revoked or suspended by the commissioner, then the commissioner shall forthwith give notice to
27 the pharmacy benefit manager. For good cause shown, the commissioner may delay the effective
28 date of a revocation or suspension to permit the pharmacy benefit manager to satisfy some or all of
29 its contractual obligations to perform pharmacy benefit management services in the state.

30 (d) No individual, corporation, firm or association whose certificate of authority as a
31 pharmacy benefit manager has been revoked pursuant to subsection (a) of this section, and no firm
32 or association of which such individual is a member, and no corporation of which such individual
33 is an officer or director, and no controlling person of the holder of the certificate of authority shall
34 be entitled to obtain any certificate of authority under the provisions of this chapter for a minimum

1 period of one year after such revocation, or, if such revocation be judicially reviewed, for a
2 minimum period of one year after the final determination thereof affirming the action of the
3 commissioner in revoking such certificate.

4 (e) If any such certificate of authority held by a firm, association or corporation be revoked,
5 no member of such firm or association and no officer or director of such corporation or any
6 controlling person of the pharmacy benefit manager shall be entitled to obtain any certificate of
7 authority under this chapter for the same period of time, unless the commissioner determines that
8 such member, officer or director was not personally at fault in the matter on account of which such
9 certificate of authority was revoked.

10 (f) The commissioner shall retain the authority to enforce the provisions of and impose any
11 penalty or remedy authorized by this chapter against any person or entity who is under investigation
12 for or charged with a violation of this chapter, even if the person's or entity's certificate of authority
13 has been surrendered, or has expired or has lapsed by operation of law.

14 (g) A pharmacy benefit manager subject to this chapter shall report to the commissioner
15 any administrative action taken against the holder of the certificate of authority in another
16 jurisdiction or by another governmental agency in this state within thirty (30) days of the final
17 disposition of the matter. This report shall include a copy of any order, consent order, decision or
18 other relevant legal documents.

19 (h) Within thirty (30) days of the initial pretrial hearing date, a pharmacy benefit manager
20 subject to this chapter shall report to the commissioner any criminal prosecution of the holder of
21 the certificate of authority taken in any jurisdiction. The report shall include a copy of the initial
22 complaint filed, the order resulting from the hearing and any other relevant legal documents.

23 (i) Chapter 35 of title 42 ("administrative procedures") shall apply to any notice or hearing
24 by the commissioner in accordance with this section.

25 **27-84-9. Penalties for violations.**

26 (a) The commissioner, in addition to any other power conferred by law, may, in any one
27 proceeding by order require the pharmacy benefit manager who violates the provisions of this title,
28 or related regulation to make restitution and pay compensatory damages, in an amount to be
29 determined by the commissioner, to any person injured by the unlawful actions of said holder of
30 certificate of authority and to pay to the people of this state a penalty in a sum not exceeding either
31 the greater of ten thousand dollars (\$10,000) for each offense and fifteen thousand dollars (\$15,000)
32 for each subsequent violation; or the aggregate gross receipts attributable to all offenses.

33 (b) Upon the failure of such a holder of a certificate of authority to pay the penalty ordered
34 pursuant to subsection (a) of this section within twenty (20) days after the mailing of the order,

1 postage prepaid, registered, and addressed to the last known place of business of the holder of the
2 certificate of authority, unless the order is stayed by an order of a court of competent jurisdiction,
3 the commissioner may revoke the holder's certificate of authority or may suspend the same for such
4 period as the commissioner determines.

5 **27-84-10. Funds collected for penalties, application, and renewal fees -- Health**
6 **insurance market integrity fund.**

7 The office of the health insurance commissioner shall deposit all penalties recovered into
8 the health insurance market integrity fund restricted receipt account established pursuant to § 42-
9 157.1-5.

10 **27-84-11. Applicability of other laws.**

11 Nothing in this chapter shall be construed to exempt a pharmacy benefit manager from
12 complying with any other applicable state laws or regulations.

13 **27-84-12. Assessments.**

14 Holders of a certificate of authority issued pursuant to this chapter shall be assessed by the
15 commissioner for the operating expenses of the office of the health insurance commissioner
16 including, but not limited to, any reasonable expenses of any experts, consultants, and contractors,
17 that are attributable to regulating such pharmacy benefit managers in such proportions as the
18 commissioner shall deem just and reasonable.

19 **27-84-13. Rules and regulations.**

20 The office of the health insurance commissioner shall promulgate rules and regulations
21 necessary to effectuate the purpose of this chapter, including procedures for notice to insurers,
22 covered individuals, employers, and other organizations of the provisions of this chapter.

23 SECTION 2. This act shall take effect on January 1, 2027.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO INSURANCE -- PHARMACY BENEFIT MANAGERS ACT

1 This act would require pharmacy benefit managers to apply for a certificate of authority
2 from the department of business regulation to operate such a business in this state. Further, this act
3 would empower the health insurance commissioner to oversee all pharmacy benefit managers and
4 penalize violations.

5 This act would take effect on January 1, 2027.

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