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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

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A N A C T

RELATING TO HEALTH AND SAFETY -- PRESCRIPTION DRUG SAVINGS AND
TRANSPARENCY ACT OF 2026

Introduced By: Representatives Tanzi, Giraldo, Handy, Alzate, Spears, Stewart, Kislak,
Hull, Ajello, and Edwards

Date Introduced: February 27, 2026

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Legislative findings and purpose.

2 The general assembly finds and declares that:

3 (1) The Rhode Island Medicaid program represents a substantial portion of the state budget
4 and provides essential health coverage to children, seniors, people with disabilities, and low-income
5 working families.

6 (2) Prescription drug benefits account for a significant and growing share of Medicaid
7 expenditures, and the structure used to administer those benefits directly affects program costs,
8 transparency, administrative efficiency, and beneficiary access to medically necessary medications.

9 (3) Several states, including Kentucky, West Virginia, Ohio, and Connecticut, have
10 improved Medicaid prescription drug oversight by adopting consolidated prescription drug
11 management approaches, including combinations of uniform preferred drug lists, consolidated
12 pharmacy benefit management functions, and centralized administrative oversight.

13 (4) Research, audits, and multi-state experience demonstrate that consolidated prescription
14 drug management approaches can lower administrative costs for states, increase the share of
15 manufacturer rebates returned to Medicaid, reduce administrative burdens for prescribers and
16 pharmacies, and improve continuity of care for beneficiaries, particularly when individuals change
17 plans or eligibility categories.

18 (5) Audits and oversight reviews in multiple states have found that incomplete disclosure,

1 contractual confidentiality provisions, and the routing or reclassification of Medicaid pharmacy-
2 related payments through affiliates or non-pharmacy cost categories have impeded effective
3 oversight, necessitating clear statutory authority for regulator access to relevant information.

4 (6) The purpose of this act is to require an independent, comprehensive, and fiscally
5 rigorous evaluation conducted by the office of the auditor general to determine whether Rhode
6 Island would benefit from consolidating prescription drug management within the Medicaid
7 program, and to ensure that such evaluation is based on complete and accurate information
8 regarding Medicaid prescription drug expenditures.

9 SECTION 2. Title 23 of the General Laws entitled "HEALTH AND SAFETY" is hereby
10 amended by adding thereto the following chapter:

11 CHAPTER 106

12 PREScription DRUG SAVINGS AND TRANSPARENCY ACT OF 2026

13 **23-106-1. Short title.**

14 This act shall be known and may be cited as the "Prescription Drug Savings and
15 Transparency Act of 2026."

16 **23-106-2. Authority to conduct independent study.**

17 (a) The office of the auditor general is authorized and directed to conduct a performance,
18 financial, and/or cost-effectiveness study to evaluate whether Rhode Island would benefit from
19 consolidated prescription drug management for the Medicaid program. As deemed necessary to
20 conduct the study, the office of the auditor general may contract with an independent pharmacy
21 pricing and audit consultant (PPAC) or other qualified external entities with expertise in Medicaid
22 prescription drug management, pharmacy benefit audits, and fiscal analysis.

23 (b) The study shall evaluate and compare, at a minimum, the following prescription drug
24 management structures currently implemented by one or more state Medicaid programs:

25 (1) Administration of the pharmacy benefit through Medicaid managed care organizations
26 utilizing multiple pharmacy benefit managers and multiple preferred drug lists, representing Rhode
27 Island's current status quo;

28 (2) Administration of the pharmacy benefit under a single, statewide preferred drug list,
29 regardless of claims-processing or administrative structure including, but not limited to, models
30 used in the states of Connecticut, Kentucky, and West Virginia;

31 (3) Administration of the pharmacy benefit through a single state-contracted pharmacy
32 benefit manager, such as in the state of Kentucky, through direct state contracting; and

33 (4) Administration of the pharmacy benefit under a state-administered fee-for-service
34 model, including through a fiscal agent or administrative services organization, such as in the state

1 of Connecticut:

2 (c) In conducting the study, the office of the auditor general shall retain full and
3 independent authority to evaluate fiscal assumptions, cost estimates, methodologies, the receipt,
4 allocation, and accounting of manufacturer rebates, administrative fees, and projected financial
5 outcomes.

6 **23-106-3. Scope of analysis.**

7 The study required under this act shall evaluate the prescription drug management
8 structures identified in § 23-106-2 and shall include, but not be limited to:

9 (1) A comparison of current Medicaid prescription drug expenditures with projected
10 expenditures under distinct prescription drug management models currently implemented by one
11 or more state Medicaid programs, including fiscal impacts to the state budget;

12 (2) An assessment of administrative costs, pricing transparency, rebate aggregation and
13 retention, pharmacy reimbursement methodologies, and oversight implications;

14 (3) An analysis of impacts on Medicaid beneficiary access, provider prescribing practices,
15 utilization management requirements, and continuity of care;

16 (4) A review of cost savings, health outcomes, and implementation challenges experienced
17 by states that have adopted the structures identified in § 23-106-2; and

18 (5) Recommendations for any statutory, regulatory, procurement, or contract changes
19 necessary to implement any such structure within Medicaid, if determined to be in the best interest
20 of the state.

21 **23-106-4. Required information.**

22 (a) Any private entity including, but not limited to, any pharmacy benefit manager,
23 managed care organization, group purchasing organization, rebate aggregator, claims processor,
24 administrator, subcontractor, affiliate, parent, subsidiary, or related entity, that receives, retains,
25 administers, manages, negotiates, or is otherwise paid or reimbursed any funds, fees, rebates, price
26 concessions, or other remuneration, directly or indirectly, in connection with prescription drug
27 benefits provided under the Rhode Island Medicaid program, shall, notwithstanding any contractual
28 provision to the contrary, upon request of the office of the auditor general or contractors working
29 in conjunction with the auditor general for purposes of performing this study, provide timely,
30 complete, and unredacted access to information, data, and records reasonably necessary to carry
31 out the study required under this chapter.

32 (b) Information subject to subsection (a) of this section shall include, but not be limited to,
33 records relating to:

34 (1) All Medicaid pharmacy claims, including ingredient costs, dispensing fees,

1 administrative fees, utilization data, and any other amounts paid, received, retained, or transferred
2 in connection with Medicaid prescription drug benefits;

3 (2) All rebates, price concessions, discounts, administrative charges, service fees, data fees,
4 or other forms of compensation or remuneration, regardless of how such amounts are characterized
5 or reported;

6 (3) Any arrangements, agreements, or transactions through which compensation related to
7 Medicaid prescription drug benefits is assigned, shared, transferred, aggregated, retained, or
8 reclassified, including amounts embedded in or attributed to non-pharmacy services or other cost
9 categories;

10 (4) All contracts, subcontracts, and amendments relating to Medicaid prescription drug
11 benefits, including contracts with manufacturers, wholesalers, pharmacies, intermediaries, or
12 affiliated entities;

13 (5) Formularies, preferred drug lists, utilization management criteria, step therapy
14 protocols, and prior authorization policies applicable to Medicaid prescription drug benefits; and

15 (6) Any other information necessary to evaluate the fiscal, administrative, and operational
16 impacts of consolidated prescription drug management within the Medicaid program.

17 (c) Information provided pursuant to this section:

18 (1) Shall be used solely for purposes of the study authorized by this chapter;

19 (2) Shall be protected from public disclosure to the extent permitted by law, including as
20 confidential commercial or proprietary information; provided that, such designations shall not be
21 used to withhold information from the office of the auditor general; and provided, further, that
22 aggregated or de-identified findings may be included in the final report; and

23 (3) Shall be subject to appropriate data security and privacy protections.

24 **23-106-5. Enforcement.**

25 This chapter shall be enforced by the office of the auditor general and the attorney general.
26 Nothing in this chapter shall be construed to limit or restrict the authority of the office of the auditor
27 general, the attorney general, or any other state official under any other provision of law.

28 **23-106-6. Reporting.**

29 The office of the auditor general shall submit a written report of findings and
30 recommendations, including any proposed legislation, to the speaker of the house of
31 representatives, the president of the senate, and the chairs of the house and senate finance
32 committees no later than March 31, 2027.

33 **23-106-7. Severability.**

34 If any provision of this chapter or its application to any person or circumstance is held

1 [invalid, the invalidity shall not affect other provisions or applications of the chapter.](#)

2 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO HEALTH AND SAFETY -- PRESCRIPTION DRUG SAVINGS AND
TRANSPARENCY ACT OF 2026

- 1 This act would establish the “Prescription Drug Savings and Transparency Act of 2026.”
- 2 This act would authorize an independent, comprehensive study by the office of the auditor general
- 3 to determine whether Rhode Island would benefit from adopting a consolidated prescription drug
- 4 management program within the Medicaid program.
- 5 This act would take effect upon passage.

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