

2026 -- S 3059

LC005060

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO INSURANCE -- PHARMACY FREEDOM OF CHOICE--FAIR  
COMPETITION AND PRACTICES

Introduced By: Senators Britto, 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. Sections 27-29.1-1, 27-29.1-2, 27-29.1-7, 27-29.1-10 and 27-29.1-11 of the  
2 General Laws in Chapter 27-29.1 entitled "Pharmacy Freedom of Choice — Fair Competition and  
3 Practices" are hereby amended to read as follows:

4 **27-29.1-1. Definitions.**

5 For purposes of this chapter, ~~the following terms shall mean:~~

6 (1) "Director" shall mean the director of the department of business regulation.

7 (2) "Eligible bidder" shall mean a retail pharmacy, community pharmacy, or pharmacy  
8 department registered pursuant to chapter 19.1 of title 5, irrespective of corporate structure or  
9 number of locations at which it conducts business, located within the geographical service area of  
10 a carrier and willing to bid for participation in a restricted pharmacy network contract.

11 (3) "Insured" or "covered individual" shall mean any person who is entitled to have  
12 pharmacy services paid by an insurer pursuant to a policy, certificate, contract, or agreement of  
13 insurance or coverage.

14 (4) "Insurer" shall mean an insurance carrier as defined in chapters 18, 19, 20, and 41 of  
15 this title.

16 (5) "Nonrestricted pharmacy network" shall mean a network that permits any pharmacy to  
17 participate on substantially uniform terms and conditions established by an insurer or ~~pharmacy~~  
18 ~~benefits manager~~ pharmacy benefit manager.

1           (6) ~~“Pharmacy benefits manager”~~ “Pharmacy benefit manager” shall ~~mean any person or~~  
2 ~~entity who or that is not licensed in Rhode Island as an insurer and that develops or manages~~  
3 ~~pharmacy benefits, pharmacy network contracts, or the pharmacy benefit bid process~~ have the  
4 meaning provided in § 27-19-26.2.

5           (7) “Pharmacy benefit management services” shall mean the management or  
6 administration of prescription drug benefits for an insurer, directly or through another entity, and  
7 regardless of whether the pharmacy benefit manager and the insurer are related, or associated by  
8 ownership, common ownership, organization or otherwise. Such management or administration  
9 includes, but is not limited to:

10           (i) The procurement of prescription drugs to be dispensed to patients;

11           (ii) The administration or management of prescription drug benefits;

12           (iii) Operation of a mail service pharmacy;

13           (iv) Claims processing, retail network management, or payment of claims to pharmacies  
14 for dispensing prescription drugs;

15           (v) Clinical or other formulary or preferred drug list development or management;

16           (vi) Negotiation or administration of rebates, discounts, payment differentials, or other  
17 incentives, for the inclusion of particular prescription drugs in a particular category or to promote  
18 the purchase of particular prescription drugs;

19           (vii) Patient compliance, therapeutic intervention, or generic substitution programs;

20           (viii) Disease management;

21           (ix) Drug utilization review or prior authorization;

22           (x) Adjudication of appeals or grievances related to prescription drug coverage;

23           (xi) Contracting with network pharmacies; and

24           (xii) Controlling the cost of covered prescription drugs.

25           ~~(7)~~(8) “Restricted pharmacy network” shall mean an arrangement for the provision of  
26 pharmaceutical drug services to insureds that under the terms of an insurer’s policy, certificate,  
27 contract, or agreement of insurance or coverage requires an insured or creates a financial incentive  
28 for an insured to obtain prescription drug services from one or more participating pharmacies that  
29 have entered into a specific contractual relationship with the carrier.

30           (9) “Spread pricing” shall mean the practice of a pharmacy benefit manager retaining an  
31 additional amount of money in addition to the amount paid to the pharmacy to fill a prescription.

32           **27-29.1-2. Requirement for availability and accessibility of pharmacy services.**

33           ~~In accordance with § 23-17.13-3 [repealed], an~~ An insurer must demonstrate to the director  
34 ~~of health~~ the willingness and potential ability to ensure that pharmacy services will be provided in

1 a manner to ensure both availability and accessibility of adequate personnel and facilities and in a  
2 manner enhancing availability, accessibility, and continuity of service.

3 **27-29.1-7. Regulation of pharmacy benefit managers.**

4 ~~(a) Pharmacy benefits managers~~ Pharmacy benefit manager shall ~~be included within the~~  
5 ~~definition of third party administrator under chapter 20.7 of this title and shall~~ be regulated in  
6 accordance with chapter 84 of this title as such. ~~The annual report filed by third party administrators~~  
7 ~~with the department of business regulation shall include: contractual language that provides a~~  
8 ~~complete description of the financial arrangements between the third party administrator and each~~  
9 ~~of the insurers covering benefit contracts delivered in Rhode Island; and if the third party~~  
10 ~~administrator is owned by or affiliated with another entity or entities, it shall include an~~  
11 ~~organization chart and brief description that shows the relationships among all affiliates within a~~  
12 ~~holding company or otherwise affiliated. The reporting shall be in a format required by the director~~  
13 ~~and filed with the department as a public record as defined and regulated under chapter 2 of title~~  
14 ~~38.~~

15 (b) A pharmacy benefit manager shall not substitute or cause the substitution of one  
16 prescription drug for another in dispensing a prescription, or alter or cause the altering of the terms  
17 of a prescription, except with the approval of the prescriber or as explicitly required or permitted  
18 by law, including regulations of the department of business regulation or the department of health.  
19 The director is authorized to promulgate rules and regulations to determine when substitution of  
20 prescription drugs shall be required or permitted.

21 (c) No pharmacy benefit manager shall, with respect to contracts between such pharmacy  
22 benefit manager and a pharmacy or, alternatively, such pharmacy benefit manager and a pharmacy's  
23 contracting agent including, but not limited to, a pharmacy services administrative organization:

24 (1) Prohibit or penalize a pharmacist or pharmacy from disclosing to an individual  
25 purchasing a prescription medication or service information regarding:

26 (i) The cost of the prescription medication or service to the individual, or the cost of the  
27 prescription medication or service to the pharmacy and the pharmacy's reimbursement for that  
28 prescription medication or service; or

29 (ii) The availability of any therapeutically equivalent alternative medications or alternative  
30 methods of purchasing the prescription medication including, but not limited to, paying a cash  
31 price; or

32 (2) Charge or collect from an individual a copayment that exceeds the total submitted  
33 charges by the pharmacy for which the pharmacy is paid. If an individual pays a copayment, the  
34 pharmacy shall retain the adjudicated costs and the pharmacy benefit manager shall not redact or

1 recoup the adjudicated cost.

2 (d) A pharmacy benefit manager, with respect to contracts between a pharmacy benefit  
3 manager and a pharmacy or, alternatively, a pharmacy benefit manager and a pharmacy's  
4 contracting agent including, but not limited to a pharmacy services administrative organization,  
5 shall include a reasonable process to appeal, investigate and resolve disputes regarding multi-source  
6 generic drug pricing. The appeals process shall include the following provisions:

7 (1) The right to appeal by the pharmacy and/or the pharmacy's contracting agent shall be  
8 limited to thirty (30) business days following the initial claim submitted for payment;

9 (2) A telephone number through which a network pharmacy may contact the pharmacy  
10 benefit manager for the purpose of filing an appeal and an electronic mail address of the individual  
11 who is responsible for processing appeals;

12 (3) The pharmacy benefit manager shall send an electronic mail message acknowledging  
13 receipt of the appeal. The pharmacy benefit manager shall respond in an electronic message to the  
14 pharmacy and/or the pharmacy's contracting agent filing the appeal within seven (7) business days  
15 indicating its determination. If the appeal is determined to be valid, the maximum allowable cost  
16 for the drug shall be adjusted for the appealing pharmacy effective as of the date of the original  
17 claim for payment. The pharmacy benefit manager shall require the appealing pharmacy to reverse  
18 and rebill the claim in question in order to obtain the corrected reimbursement;

19 (4) If an update to the maximum allowable cost is warranted, the pharmacy benefit manager  
20 or insurer shall adjust the maximum allowable cost of the drug effective for all similarly situated  
21 pharmacies in its network in the state on the date the appeal was determined to be valid; and

22 (5) If an appeal is denied, the pharmacy benefit manager shall identify the national drug  
23 code of a therapeutically equivalent drug, as determined by the federal Food and Drug  
24 Administration, that is available for purchase by pharmacies in this state from wholesalers at a price  
25 which is equal to or less than the maximum allowable cost for that drug as determined by the  
26 pharmacy benefit manager.

27 **27-29.1-10. Costs of enforcement.**

28 The total cost of the enforcement ~~of §§ 27-29.1-3 and 27-29.1-8~~ shall be borne by the  
29 ~~pharmacy benefits manager(s)~~ pharmacy benefit manager(s) and/or the insurer(s) against whom the  
30 complaint is made on an equal basis and shall include the following expenses:

31 (1) One hundred fifty percent (150%) of the total salaries and benefits paid to the personnel  
32 of the department of business regulation engaged in the enforcement less any salary reimbursement;

33 (2) All reasonable technology costs related to the enforcement process. Technology costs  
34 shall include the actual cost of software and hardware utilized in the enforcement process and the

1 cost of training personnel in the proper use of the software or hardware;

2 (3) All necessary and reasonable education and training costs incurred by the state to  
3 maintain the proficiency and competence of the enforcing personnel. All these costs shall be  
4 incurred in accordance with the appropriate state of Rhode Island regulations, guidelines, and  
5 procedures; and

6 (4) Any and all surplus funds collected from other enforcement actions from this title levied  
7 against pharmacy benefit managers shall be deposited into the health insurance market integrity  
8 fund restricted receipt account established pursuant to § 42-157.1-5.

9 **27-29.1-11. Evaluation report.**

10 The health insurance commissioner, pursuant to § 42-14.5-1, shall evaluate the impact of  
11 ~~nonrestricted pharmacy networks~~ pharmacy benefit manager practices and operations on health  
12 insurance costs in Rhode Island and shall submit a report of findings ~~to the joint legislative~~  
13 ~~committee on health care oversight on or before May 1, 2005~~ and recommendations to the general  
14 assembly on or before March 31, 2027.

15 SECTION 2. Chapter 27-29.1 of the General Laws entitled "Pharmacy Freedom of Choice  
16 — Fair Competition and Practices" is hereby amended by adding thereto the following section:

17 **27-29.1-12. Duty, accountability, and transparency of pharmacy benefit managers.**

18 (a)(1) The pharmacy benefit manager shall have a duty and obligation to perform pharmacy  
19 benefit management services with care, skill, prudence, diligence, and professionalism.

20 (2) In addition to the duties that the director shall require in regulations promulgated  
21 pursuant to subsections (b) and (g) of this section:

22 (i) A pharmacy benefit manager interacting with a covered individual shall have the same  
23 duty to a covered individual as the insurer for whom it is performing pharmacy benefit management  
24 services; and

25 (ii) A pharmacy benefit manager shall have a duty of good faith and fair dealing with all  
26 parties including, but not limited to, covered individuals and pharmacies, with whom it interacts in  
27 the performance of pharmacy benefits management services.

28 (b) All funds received by the pharmacy benefit manager in relation to providing pharmacy  
29 benefit management services shall be received by the pharmacy benefit manager in trust and shall  
30 be used or distributed only pursuant to the pharmacy benefit manager's contract with the insurer or  
31 applicable law; including any administrative fee or payment to the pharmacy benefit manager  
32 expressly provided for in the contract to compensate the pharmacy benefit manager for its services.

33 Any funds received by the pharmacy benefit manager through spread pricing shall be subject to  
34 this section. In addition to any other power conferred by law, the director shall have the authority

1 to promulgate rules and regulations concerning pharmacy benefit manager administrative fees  
2 including, but not limited to, limitations on their form and use.

3 (c) The pharmacy benefit manager shall account, annually or more frequently to the insurer  
4 for any pricing discounts, rebates of any kind, inflationary payments, credits, clawbacks, fees,  
5 grants, chargebacks, reimbursements, or other benefits received by the pharmacy benefit manager.  
6 The insurer shall have access to all financial and utilization information of the pharmacy benefit  
7 manager in relation to pharmacy benefit management services provided to the insurer.

8 (d) The pharmacy benefit manager shall disclose in writing to the insurer the terms and  
9 conditions of any contract or arrangement between the pharmacy benefit manager and any party  
10 relating to pharmacy benefit management services provided to the insurer including, but not limited  
11 to, dispensing fees paid to the pharmacies.

12 (e) The pharmacy benefit manager shall disclose in writing to the insurer any activity,  
13 policy, practice, contract or arrangement of the pharmacy benefit manager that directly or indirectly  
14 presents any conflict of interest with the pharmacy benefit manager's relationship with or obligation  
15 to the insurer.

16 (f) Any information required to be disclosed by a pharmacy benefit manager to an insurer  
17 under this section that is reasonably designated by the pharmacy benefit manager as proprietary or  
18 trade secret information shall be kept confidential by the insurer, except as required or permitted  
19 by law, including disclosure necessary to prosecute or defend any legitimate legal claim or cause  
20 of action. Designation of information as proprietary or trade secret information under this  
21 subsection shall have no effect on the obligations of any pharmacy benefit manager or insurer to  
22 provide that information to the department of business regulation.

23 (g) The director shall promulgate rules and regulations defining, limiting, and relating to  
24 the duties, obligations, requirements and other provisions relating to pharmacy benefit managers  
25 under this section.

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

=====  
LC005060  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO INSURANCE -- PHARMACY FREEDOM OF CHOICE--FAIR  
COMPETITION AND PRACTICES

\*\*\*

- 1 This act would impose certain duties, transparency, and accountability from pharmacy
- 2 benefit managers and pharmacy benefit management services.
- 3 This act would take effect upon passage.

=====  
LC005060  
=====