

2026 -- S 3060

LC005062

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) "Director" means the director of the department of business regulation.

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

16 (4) "Insurer" means an insurance carrier as defined in chapters 18, 19, 20, and 41 of this
17 title or an entity for which a pharmacy benefit manager provides pharmacy benefit management
18 services and that is a health benefit plan, insurer, or other entity that approves, provides, arranges
19 for, or pays or reimburses in whole or in part for health care items or services including, but not

1 limited to, prescription drugs, for a substantial number of beneficiaries who work or reside in this
2 state, as shall be defined or interpreted by the director.

3 (5) "Pharmacy benefit management services" means the management or administration of
4 prescription drug benefit for an insurer, directly or indirectly through another entity, and regardless
5 of whether the pharmacy benefit manager and the insurer are related, or associated by ownership,
6 common ownership, organization or otherwise. Such management or administration of prescription
7 drug benefit includes, but is not limited to:

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

9 (ii) Operation of a mail service pharmacy;

10 (iii) Claims processing, retail network management, or payment of claims to pharmacies
11 for dispensing prescription drugs;

12 (iv) Clinical or other formulary or preferred drug list development or management;

13 (v) Negotiation or administration of rebates, discounts, payment differentials, or other
14 incentives, for the inclusion of particular prescription drugs in a particular category or to promote
15 the purchase of particular prescription drugs;

16 (vi) Patient compliance, therapeutic intervention, or generic substitution programs;

17 (vii) Disease management;

18 (viii) Drug utilization review or prior authorization;

19 (ix) Adjudication of appeals or grievances related to prescription drug coverage;

20 (x) Contracting with network pharmacies; and

21 (xi) Controlling the cost of covered prescription drugs.

22 (6) "Pharmacy benefit manager" or "PBM" shall have the meaning provided in § 27-19-
23 26.2.

24 (7) "Rebate contract" means any agreement entered into by a pharmacy benefit manager
25 and any drug manufacturer, or agent or affiliate of a drug manufacturer, that determines any rebate,
26 discount, administrative or other fee, price concession, or other consideration related to the
27 dispensing of prescription drugs for an insurer.

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 director.

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 director in such form(s) and supplements required
7 by the director. The director may issue a certificate of authority to applicants that have complied
8 with the requirements of this chapter. The director may reject an application filed by a pharmacy
9 benefit manager that fails to comply with minimum standards as established by the director.

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

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

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

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

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

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

32 (5) A statement describing the business plan of the pharmacy benefit manager including,
33 but not limited to, information pertaining to staffing levels and activities proposed in this state and
34 nationwide. The plan shall provide details setting forth the pharmacy benefit manager's capability

1 for providing a sufficient number of experienced and qualified personnel in the areas of claims
2 processing, recordkeeping and underwriting;

3 (6) If the applicant seeks to manage the solicitation of new or renewal business, proof that
4 it employs or has contracted with an agent licensed by this state for solicitation and accepting
5 applications. An applicant that intends to directly solicit insurance contracts or act as an insurance
6 producer shall provide proof that it has a license as an insurance producer in this state;

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

8 (i) The creation of pharmacy networks and contracting with network pharmacies and other
9 providers including promotion and use of independent and community pharmacies and patient
10 access and minimizing excessive concentration and vertical integration of markets;

11 (ii) Development of pricing models used by pharmacy benefit manager both for their
12 services to an insurer and for the payment of services to a pharmacy benefit manager by a third
13 party administrator; and

14 (iii) Protection of consumers; and

15 (8) Any other pertinent information that may be required by the director including, but not
16 limited to, information on any of the following related to a pharmacy benefit manager's operations
17 in any state:

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

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

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

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

25 (d) The applicant shall make available, for inspection by the director, copies of all contracts
26 with insurers, third party benefit administrators, and other persons utilizing the services of the
27 pharmacy benefit manager.

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

33 **27-84-5. Certificate of authority term, renewal, and fees.**

34 (a) Any person, firm, association or corporation who applies to be certified as a pharmacy

1 benefit manager shall provide with the submission of an application to the director a fee of ten
2 thousand dollars (\$10,000) for each year or fraction of a year in which a certificate shall be valid.

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

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

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

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

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

26 **27-84-6. Reporting requirements for pharmacy benefit managers.**

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

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

33 (2) The terms and conditions of any contract or arrangement, including other financial or
34 other reimbursements incentives, inducements or refunds between the pharmacy benefit manager

1 and any other party relating to pharmacy benefit management services provided to an insurer
2 including but not limited to, dispensing fees paid to pharmacies;

3 (3) The aggregated dollar amount of rebates, fees, price protection payments and any other
4 payments the pharmacy benefit manager received from drug manufacturers through rebate
5 contracts;

6 (4) The portions of the amount in subsection (a)(3) of this section which were:

7 (i) Passed on to insurers; or

8 (ii) Retained by the pharmacy benefit manager; and

9 (5) For each rebate contract in effect during the reporting period:

10 (i) The names of the contracting parties;

11 (ii) The execution date and the term of the contract, including extensions; and

12 (iii) The name of the drugs and the associated national drug codes covered by the rebate
13 contract, and for each drug:

14 (A) A summary of the contract terms regarding formulary placement, formulary exclusion,
15 or prior authorization requirements or step edits, of any drugs considered to compete with each
16 drug;

17 (B) A summary of all terms requiring or incentivizing volume or market share for each
18 drug, including base rebate amounts, bundled rebates and incremental rebates, stated separately,
19 and price concession, stated separately for each drug; and

20 (C) The total number of prescriptions filled and units dispensed for which a rebate,
21 discount, price concession or other consideration was received by the pharmacy benefit manager
22 for each drug.

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

25 (7) The dollar amount of any other compensation paid by a drug manufacturer to a
26 pharmacy benefit manager for services including distribution management services, data or data
27 services, marketing or promotional services, research programs, or other ancillary services, under
28 each rebate contract.

29 (b) The director may require the filing of quarterly or other statements, which shall be in
30 such form and shall contain such matters as the director shall prescribe.

31 (c) The director may address to any pharmacy benefit manager or its officers any inquiry
32 in relation to its provision of pharmacy benefit management services or any matter connected
33 therewith. Every pharmacy benefit manager or person so addressed shall reply in writing to such
34 inquiry promptly and truthfully, and such reply shall be, if required by the director, subscribed by

1 such individual, or by such officer or officers of the pharmacy benefit manager, as the director shall
2 designate, and affirmed by them as true under the penalties of perjury.

3 (d) In the event any pharmacy benefit manager or person does not submit the report
4 required by subsection (a) of this section or does not provide a good faith response to an inquiry
5 from the director pursuant to subsection (b) of this section within a time period specified by the
6 director of not less than fifteen (15) business days, the director is authorized to levy a civil penalty
7 against such pharmacy benefit manager or person not to exceed ten thousand dollars (\$10,000) per
8 day for each day beyond the date the report is due or the date specified by the director for response
9 to the inquiry.

10 (e) 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 director shall be deemed
12 confidential and not subject to disclosure except where and as the director determines that
13 disclosure is in the public interest. This subsection shall not apply to information, documents and
14 materials where they are in the possession and under the control of a person or entity other than the
15 director.

16 **27-84-7. Additional obligations.**

17 (a) No pharmacy benefit manager shall engage in any practice or action that an insurer is
18 prohibited from engaging in pursuant to this title.

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

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

28 **27-84-8. Grounds for suspension or revocation of certificate of authority.**

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

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

1 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 director shall give notice to the holder of the
23 certificate of authority and shall hold, or cause to be held, a hearing not less than ten (10) days after
24 the giving of such notice.

25 (c) If a pharmacy benefit manager's certificate of authority in accordance with this section
26 is revoked or suspended by the director, then the director shall forthwith give notice to the pharmacy
27 benefit manager. For good cause shown, the director may delay the effective date of a revocation
28 or suspension to permit the pharmacy benefit manager to satisfy some or all of its contractual
29 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 director
3 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 director determines that such
8 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 director 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 director any
15 administrative action taken against the holder of the certificate of authority in another jurisdiction
16 or by another governmental agency in this state within thirty (30) days of the final disposition of
17 the matter. This report shall include a copy of any order, consent order, decision or other relevant
18 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 director any criminal prosecution of the holder of the
21 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 director in accordance with this section.

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

26 (a) The director, 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 director, to any person injured by the unlawful actions of said holder of certificate
30 of authority and to pay to the people of this state a penalty in a sum not exceeding either the greater
31 of ten thousand dollars (\$10,000) for each offense and fifteen thousand dollars (\$15,000) for each
32 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 director may revoke the holder's certificate of authority or may suspend the same for such period](#)
4 [as the director determines.](#)

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

7 [The department shall deposit all penalties recovered into the health insurance market](#)
8 [integrity fund restricted receipt account established pursuant to § 42-157.1-5.](#)

9 **27-84-11. Applicability of other laws.**

10 [Nothing in this chapter shall be construed to exempt a pharmacy benefit manager from](#)
11 [complying with any other applicable state laws or regulations.](#)

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

13 [Holders of a certificate of authority issued pursuant to this chapter shall be assessed by the](#)
14 [director for the operating expenses of the department that are attributable to regulating such](#)
15 [pharmacy benefit managers in such proportions as the director shall deem just and reasonable.](#)

16 **27-84-13. Rules and regulations.**

17 [The department shall promulgate rules and regulations necessary to effectuate the purpose](#)
18 [of this chapter, including procedures for notice to insurers, covered individuals, employers, and](#)
19 [other organizations of the provisions of this chapter.](#)

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

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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 director of the department of business regulation to oversee all pharmacy
4 benefit managers and penalize violations.

5 This act would take effect upon passage.

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