

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 993

By: Gollihare

COMMITTEE SUBSTITUTE

An Act relating to pharmacy benefits managers; amending 59 O.S. 2021, Sections 356.1, 356.2, 356.3, as amended by Sections 1, 2, and 3, Chapter 332, O.S.L. 2024, and 356.4 (59 O.S. Supp. 2024, Sections 356.1, 356.2, and 356.3), which relate to definitions, pharmacy audit requirements, appeals process, and prohibited extrapolation audit; modifying notice contents; prohibiting assessment of certain fines under certain circumstances; expanding certain claim limits; establishing requirements for preliminary audit findings reports; requiring provision of certain final audit results within a certain time period; updating statutory reference; requiring certain notification to Attorney General in certain circumstances; expanding requirement for initiation of certain audit; lengthening time period for certain preliminary report; allowing certain extension request; shortening certain time period for certain final report; establishing requirements for audit findings report; modifying definition; defining terms; requiring certain tolling in certain declared disaster; providing certain exceptions; amending 59 O.S. 2021, Sections 357 and 358, as amended by Sections 4 and 5, Chapter 332, O.S.L. 2024 (59 O.S. Supp. 2024, Sections 357 and 358), which relate to definitions and pharmacy benefits management licensure; modifying definitions; updating statutory references; updating statutory language; requiring certain time period of tolling in certain declared disaster; establishing certain filing period after lifting of disaster declaration; prohibiting certain denials; providing for codification; and declaring an emergency.

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BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 59 O.S. 2021, Section 356.1, as amended by Section 1, Chapter 332, O.S.L. 2024 (59 O.S. Supp. 2024, Section 356.1), is amended to read as follows:

Section 356.1. A. For purposes of the Pharmacy Audit Integrity Act, ~~“pharmacy benefits manager”~~:

1. “Audit” means any review, inspection, or analysis conducted by a pharmacy benefits manager (PBM) or its representative of a pharmacy’s records, practices, or compliance with contractual obligations;

2. “Disaster declaration” and “declared disaster” mean a declaration issued by the Governor or the President of the United States for an event that qualifies as a disaster including, but not limited to, a flood, tornado, earthquake, wildfire, terrorist attack, or other catastrophic event; and

3. “Pharmacy benefits manager” or “PBM” shall have the same meaning as in Section 6960 of Title 36 of the Oklahoma Statutes.

B. The purpose of the Pharmacy Audit Integrity Act is to establish minimum and uniform standards and criteria for the audit of pharmacy records by or on behalf of certain entities.

C. The Pharmacy Audit Integrity Act shall apply to any audit of the records of a pharmacy conducted by a managed care company,

1 nonprofit hospital, medical service organization, insurance company,
2 third-party payor, pharmacy benefits manager, a health program
3 administered by a department of this state, or any entity that
4 represents these companies, groups, or departments.

5 D. The Attorney General may promulgate rules to implement the
6 provisions of the Pharmacy Audit Integrity Act.

7 SECTION 2. AMENDATORY 59 O.S. 2021, Section 356.2, as
8 amended by Section 2, Chapter 332, O.S.L. 2024 (59 O.S. Supp. 2024,
9 Section 356.2), is amended to read as follows:

10 Section 356.2. A. The entity conducting an audit of a pharmacy
11 shall:

12 1. Identify and specifically describe the audit and appeal
13 procedures in the pharmacy contract. Prescription claim
14 documentation and ~~record-keeping~~ recordkeeping requirements shall
15 not exceed the requirements set forth by the Oklahoma Pharmacy Act
16 or other applicable state or federal laws or regulations;

17 2. Give the pharmacy written notice by certified letter to the
18 pharmacy and the pharmacy's contracting agent, including
19 identification of specific prescription numbers ~~and~~, fill dates,
20 drug names, and National Drug Code (NDC) numbers to be audited, at
21 least fourteen (14) calendar days prior to conducting the audit,
22 including, but not limited to, an on-site audit, a desk audit, or a
23 wholesale purchase audit, request for documentation related to the
24 dispensing of a prescription drug, or any reimbursed activity by a

1 pharmacy provider; provided, however, that wholesale purchase audits
2 shall require a minimum of thirty (30) calendar days' written
3 notice. For an on-site audit, the audit date shall be the date the
4 on-site audit occurs. For all other audit types, the audit date
5 shall be the date the pharmacy provides the documentation requested
6 in the audit notice. The pharmacy shall have the opportunity to
7 reschedule the audit no more than seven (7) calendar days from the
8 date designated on the original audit notification;

9 3. Not interfere with the delivery of pharmacist services to a
10 patient and shall utilize every reasonable effort to minimize
11 inconvenience and disruption to pharmacy operations during the audit
12 process;

13 4. Conduct any audit involving clinical or professional
14 judgment by means of or in consultation with a licensed pharmacist;

15 5. Not consider as fraud any clerical or ~~record-keeping~~
16 recordkeeping error, such as a typographical error, scrivener's
17 error or computer error, including, but not limited to, a
18 miscalculated day supply, incorrectly billed prescription written
19 date or prescription origin code, and such errors shall not be
20 subject to recoupment. The pharmacy shall have the right to submit
21 amended claims electronically to correct clerical or ~~record-keeping~~
22 recordkeeping errors in lieu of recoupment. To the extent that an
23 audit results in the identification of any clerical or ~~record-~~
24 ~~keeping~~ recordkeeping errors such as typographical errors,

1 scrivener's errors or computer errors in a required document or
2 record, the pharmacy shall not be subject to recoupment of funds by
3 the pharmacy benefits manager unless the pharmacy benefits manager
4 can provide proof of intent to commit fraud. A person shall not be
5 subject to criminal penalties for errors provided for in this
6 paragraph without proof of intent to commit fraud;

7 6. Permit a pharmacy to use the records of a hospital,
8 physician, or other authorized practitioner of the healing arts for
9 drugs or medicinal supplies written or transmitted by any means of
10 communication for purposes of validating the pharmacy record with
11 respect to orders or refills of a legend or narcotic drug;

12 7. Not include the dispensing fee amount or the actual invoice
13 cost of the prescription dispensed in a finding of an audit
14 recoupment unless a prescription was not actually dispensed or a
15 physician denied authorization of a dispensing order;

16 8. Audit each pharmacy under identical standards, regularity
17 and parameters as other similarly situated pharmacies and all
18 pharmacies owned or managed by the pharmacy benefits manager
19 conducting or having conducted the audit;

20 9. Not exceed one (1) year from the date the claim was
21 submitted to or adjudicated by a managed care company, nonprofit
22 hospital or medical service organization, insurance company, third-
23 party payor, pharmacy benefits manager, a health program
24 administered by a department of this state, or any entity that

1 represents the companies, groups, or departments for the period
2 covered by an audit;

3 10. Not schedule or initiate an audit during the first seven
4 (7) calendar days of any month unless otherwise consented to by the
5 pharmacy;

6 11. Disclose to any plan sponsor whose claims were included in
7 the audit any money recouped in the audit;

8 12. Not require pharmacists to break open packaging labeled
9 "for single-patient-use only". Packaging labeled "for single-
10 patient-use only" shall be deemed to be the smallest package size
11 available; ~~and~~

12 13. Upon recoupment of funds from a pharmacy, refund first to
13 the patient the portion of the recovered funds that were originally
14 paid by the patient, provided such funds were part of the
15 recoupment; and

16 14. Not assess a fine, penalty, or any other financial
17 requirement on the pharmacy or pharmacist for any prescription
18 audited unless there is a valid recoupment under the Pharmacy Audit
19 Integrity Act.

20 B. 1. Any entity that conducts wholesale purchase review
21 during an audit of a pharmacist or pharmacy shall not require the
22 pharmacist or pharmacy to provide a full dispensing report.
23 Wholesaler invoice reviews shall be limited to verification of
24 purchase inventory specific to the pharmacy claims paid by the

1 health benefits plan or pharmacy benefits manager conducting the
2 audit.

3 2. Any entity conducting an audit shall not identify or label a
4 prescription claim as an audit discrepancy when:

5 a. the National Drug Code for the dispensed drug is in a
6 quantity that is a subunit or multiple of the drug
7 purchased by the pharmacist or pharmacy as supported
8 by a wholesale invoice,

9 b. the pharmacist or pharmacy dispensed the correct
10 quantity of the drug according to the prescription,
11 and

12 c. the drug dispensed by the pharmacist or pharmacy
13 shares all but the last two digits of the National
14 Drug Code of the drug reflected on the supplier
15 invoice.

16 3. An entity conducting an audit shall accept as evidence,
17 subject to validation, to support the validity of a pharmacy claim
18 related to a dispensed drug:

19 a. redacted copies of supplier invoices in the
20 pharmacist's or pharmacy's possession, or

21 b. invoices and any supporting documents from any
22 supplier as authorized by federal or state law to
23 transfer ownership of the drug acquired by the
24 pharmacist or pharmacy.

1 4. An entity conducting an audit shall provide, no later than
2 five (5) calendar days after the date of a request by the pharmacist
3 or pharmacy, all supporting documents the pharmacist's or pharmacy's
4 purchase suppliers provided to the health benefits plan issuer or
5 pharmacy benefits manager.

6 C. A pharmacy shall be allowed to provide the pharmacy's
7 computerized patterned medical records or the records of a hospital,
8 physician, or other authorized practitioner of the healing arts for
9 drugs or medicinal supplies written or transmitted by any means of
10 communication for purposes of supporting the pharmacy record with
11 respect to orders or refills of a legend or narcotic drug.

12 ~~D. The entity conducting the audit shall not audit more than~~
13 ~~fifty prescriptions, with specific date of service, per calendar~~
14 ~~year~~ PBM or its agent shall not exceed an annual limit of one
15 hundred prescription claims with a specific prescription number and
16 date of fill per calendar year. The annual limit to the number of
17 prescription claims audited shall be inclusive of all audits by a
18 PBM or its agent, including any prescription-related documentation
19 requests from the health insurer, pharmacy benefits manager or any
20 third-party company conducting audits on behalf of any health
21 insurer or pharmacy benefits manager during a calendar year.
22 Notwithstanding the annual limit on the number of prescription
23 claims per calendar year pursuant to this section, no PBM or its
24 agent shall exceed more than fifty prescription claims with a

1 specific prescription number and date of fill on an individual
2 audit.

3 E. If paper copies of records are requested by the entity
4 conducting the audit, the entity shall pay twenty-five cents (\$0.25)
5 per page to cover the costs incurred by the pharmacy. The entity
6 conducting the audit shall provide the pharmacy with accurate
7 instructions, including any required form for obtaining
8 reimbursement for the copied records.

9 F. The entity conducting the audit shall:

10 1. Deliver a preliminary audit findings report to the pharmacy
11 and the pharmacy's contracting agent within forty-five (45) calendar
12 days of conducting the audit;

13 2. Allow the pharmacy at least ninety (90) calendar days
14 following receipt of the preliminary audit findings report in which
15 to produce documentation to address any discrepancy found during the
16 audit; provided, however, a pharmacy may request an extension, not
17 to exceed an additional forty-five (45) calendar days;

18 3. Deliver a final audit findings report to the pharmacy and
19 the pharmacy's contracting agent signed by the auditor within ten
20 (10) calendar days after receipt of additional documentation
21 provided by the pharmacy, as provided for in Section 356.3 of this
22 title;

23 4. Allow the pharmacy to reverse and resubmit claims
24 electronically within thirty (30) calendar days of receipt of the

1 final audit report in lieu of the auditing entity recouping
2 discrepant claim amounts from the pharmacy;

3 5. Not recoup any disputed funds until after final disposition
4 of the audit findings, including the appeals process as provided for
5 in Section 356.3 of this title; ~~and~~

6 6. Not accrue interest during the audit and appeal period;

7 7. Ensure that each preliminary audit findings report required
8 by this section includes:

9 a. specific prescription numbers, fill dates, drug names,
10 and NDC numbers, and

11 b. the date of receipt of documents from the pharmacy,
12 the pharmacy's contracting agent, or any other source
13 associated with the audit.

14 ~~G. Each entity conducting an audit shall provide a copy of the~~
15 ~~final audit results, and a final audit report upon request, after~~
16 ~~completion of any review process to the plan sponsor~~

17 In addition to the requirements for a preliminary audit findings
18 report in this paragraph, the final audit findings report shall
19 include any additional documentation that was submitted to the
20 auditing entity;

21 8. Provide the plan sponsor a copy of the final audit results
22 within thirty (30) calendar days of the final disposition of the
23 audit; and

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1 9. At the request of the plan sponsor, provide a copy of the
2 final audit findings report within thirty (30) calendar days of the
3 request.

4 ~~H.~~ G. 1. The full amount of any recoupment on an audit shall
5 be refunded to the plan sponsor. Except as provided for in
6 paragraph 2 of this subsection, a charge or assessment for an audit
7 shall not be based, directly or indirectly, on amounts recouped.

8 2. This subsection does not prevent the entity conducting the
9 audit from charging or assessing the responsible party, directly or
10 indirectly, based on amounts recouped if both of the following
11 conditions are met:

- 12 a. the plan sponsor and the entity conducting the audit
13 have a contract that explicitly states the percentage
14 charge or assessment to the plan sponsor, and
- 15 b. a commission to an agent or employee of the entity
16 conducting the audit is not based, directly or
17 indirectly, on amounts recouped.

18 ~~H.~~ H. Unless superseded by state or federal law, auditors shall
19 only have access to previous audit reports on a particular pharmacy
20 conducted by the auditing entity for the same pharmacy benefits
21 manager, health plan or insurer. An auditing vendor contracting
22 with multiple pharmacy benefits managers or health insurance plans
23 shall not use audit reports or other information gained from an
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1 audit on a pharmacy to conduct another audit for a different
2 pharmacy benefits manager or health insurance plan.

3 ~~J. Sections A through I~~

4 I. Paragraph 2 of subsection A of this section through
5 subsection D of this section, and paragraph 1 through paragraph 7 of
6 subsection F of this section shall not apply to any audit initiated
7 based on ~~or that involves~~ suspicion of fraud, willful
8 misrepresentation, or abuse.

9 ~~K. J.~~ If the Attorney General, after notice and opportunity for
10 hearing, finds that the entity conducting the audit failed to follow
11 any of the requirements pursuant to the Pharmacy Audit Integrity
12 Act, the audit shall be considered null and void. Any monies
13 recouped from a null and void audit shall be returned to the
14 affected pharmacy within fourteen (14) calendar days. Any violation
15 of this section by a pharmacy benefits manager or auditing entity
16 shall be deemed a violation of the Pharmacy Audit Integrity Act.

17 SECTION 3. AMENDATORY 59 O.S. 2021, Section 356.3, as
18 amended by Section 3, Chapter 332, O.S.L. 2024 (59 O.S. Supp. 2024,
19 Section 356.3), is amended to read as follows:

20 Section 356.3. A. Each entity conducting an audit shall
21 establish a written appeals process under which a pharmacy may
22 appeal an unfavorable preliminary audit report and/or final audit
23 report to the entity.

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1 B. Following an appeal, if the entity finds that an unfavorable
2 audit report or any portion thereof is unsubstantiated, the entity
3 shall dismiss the audit report or the unsubstantiated portion of the
4 audit report without any further action.

5 C. Any final audit report, following the final audit appeal
6 period, with a finding of fraud or willful misrepresentation shall
7 be referred to the district attorney having proper jurisdiction or
8 the Attorney General for prosecution upon completion of the appeals
9 process. If a finding of fraud or willful misrepresentation is
10 referred to a district attorney under this subsection, the auditing
11 entity shall notify the Attorney General as to whom the referral was
12 made and the date the referral was made.

13 D. For any audit initiated based on ~~or that involves~~ suspicion
14 of fraud, willful misrepresentation, or abuse, the auditing entity
15 shall provide, in writing, at the time of the audit, a clear and
16 conspicuous declaration to the pharmacy being audited that the audit
17 is being conducted under suspicion of fraud, willful
18 misrepresentation, or abuse and a statement of facts that supports
19 the reasonable suspicion. The entity conducting an audit based on
20 suspicion of fraud, willful misrepresentation, or abuse shall
21 provide a copy of the clear and conspicuous declaration required by
22 this subsection to the pharmacy's contracting agent by certified
23 mail within five (5) business days of notifying the pharmacy of an
24 audit pursuant to this section.

1 E. The entity conducting an audit based on suspicion of fraud,
2 willful misrepresentation, or abuse shall:

3 1. Deliver a preliminary findings report to the pharmacy and
4 the pharmacy's contracting agent within ninety (90) calendar days of
5 notification of the audit;

6 2. Allow the pharmacy at least ninety (90) calendar days
7 following the receipt of the preliminary audit findings report in
8 which to produce documentation to address any discrepancy found
9 during the audit. A pharmacy may request an extension, not to
10 exceed an additional forty-five (45) calendar days;

11 3. Deliver a final audit findings report to the pharmacy and
12 the pharmacy's contracting agent signed by the auditor within thirty
13 (30) calendar days after receipt of additional documentation
14 provided by the pharmacy;

15 4. Allow the pharmacy to reverse and resubmit claims
16 electronically within thirty (30) calendar days of receipt of the
17 final audit report in lieu of the auditing entity recouping
18 discrepant claim amounts from the pharmacy;

19 5. Not recoup any disputed funds until after the final
20 disposition of the audit findings, including the appeals process
21 pursuant to this section;

22 6. Not accrue interest during the audit and appeal period;

23 7. Ensure that each preliminary audit findings report submitted
24 pursuant to this section includes:

- 1 a. specific prescription numbers, fill dates, drug names,
2 and NDC numbers, and
3 b. the date of receipt of documents from the pharmacy,
4 the pharmacy's contracting agent, or any other source
5 associated with the audit;

6 8. Ensure that each final audit findings report includes any
7 additional documentation that was submitted to the auditing entity;

8 9. Provide the plan sponsor a copy of the final audit results
9 within thirty (30) calendar days of the final disposition of the
10 audit; and

11 10. At the request of the plan sponsor, provide a copy of the
12 final audit report within thirty (30) calendar days of the request.

13 F. Any entity conducting an audit that is based on ~~or involves~~
14 suspicion of fraud, willful misrepresentation, or abuse shall
15 provide to the Office of the Attorney General:

16 1. Notice at least two (2) calendar days prior to beginning
17 performance of an audit pursuant to this section;

18 2. A preliminary report within ~~thirty (30) calendar days of~~
19 performing the audit five (5) business days of providing a copy of
20 the preliminary report to the pharmacy and the pharmacy's
21 contracting agent pursuant to this section. The auditing entity may
22 request an extension from the Attorney General, not to exceed an
23 additional thirty (30) calendar days; and
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1 3. A final report within ~~thirty (30)~~ ten (10) calendar days
2 following the closure of the final appeal period for an audit
3 performed pursuant to this section.

4 a. The final report for the Office of the Attorney
5 General shall include the name of each plan sponsor
6 whose claims were included in the audit recover, the
7 amount of funds recouped on behalf of the plan, the
8 date the plan sponsor was notified of the recoupment,
9 the date the plan sponsor was paid any recoupment, and
10 the name and contact information for the
11 representative of the plan sponsor who was notified of
12 the recoupment at issue in an audit pursuant to this
13 section.

14 b. The auditing entity may request an extension from the
15 Attorney General, not to exceed an additional ten (10)
16 calendar days.

17 ~~F.~~ G. The Attorney General, authorized employees, and examiners
18 shall have access to any pharmacy benefits manager's files and
19 records that may relate to ~~an~~ any audit including, but not limited
20 to, an audit that is based on ~~or involves~~ suspicion of fraud,
21 willful misrepresentation, or abuse.

22 ~~G.~~ H. The Attorney General may levy a civil or administrative
23 fine ~~of~~ not less than One Hundred Dollars (\$100.00) and not greater
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1 than Ten Thousand Dollars (\$10,000.00) for each violation of this
2 section and assess any other penalty or remedy authorized by law.

3 SECTION 4. AMENDATORY 59 O.S. 2021, Section 356.4, is
4 amended to read as follows:

5 Section 356.4. A. For the purposes of the Pharmacy Audit
6 Integrity Act, "extrapolation audit" means an audit of a sample of
7 prescription drug benefit claims submitted by a pharmacy to the
8 entity conducting the audit that is then used to estimate audit
9 results for a larger batch or group of claims not reviewed by the
10 auditor, including refills not listed in the written notification in
11 accordance with paragraph 2 of subsection A of Section 356.2 of this
12 title.

13 B. The entity conducting the audit shall not use the ~~accounting~~
14 practice of extrapolation in calculating recoupments or penalties
15 for audits.

16 SECTION 5. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 356.6 of Title 59, unless there
18 is created a duplication in numbering, reads as follows:

19 A. Notwithstanding any other provision of law, the ability of a
20 pharmacy benefits manager (PBM) to initiate, continue, or conclude
21 an audit of a pharmacy shall be tolled for the duration of a
22 declared disaster and for an additional period of thirty (30)
23 calendar days following the termination of a declared disaster.

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1 Such requirement shall apply only to the pharmacies located
2 within the geographical boundaries of the county or counties
3 affected by the declared disaster.

4 B. The provisions of this section shall apply to all PBMs
5 operating within this state, and to all audits conducted pursuant to
6 contracts between PBMs and pharmacies.

7 C. This section shall not apply to:

8 1. Audits conducted for suspected fraudulent activity if
9 documented evidence of such activity exists; or

10 2. Audits required to comply with federal or state law
11 unrelated to the contractual relationship between a PBM and a
12 pharmacy.

13 D. Nothing in this section shall be construed to prohibit a
14 pharmacy from voluntarily agreeing to continue or complete an audit
15 during the tolling period, provided such agreement is documented in
16 writing and signed by both parties.

17 SECTION 6. AMENDATORY 59 O.S. 2021, Section 357, as
18 amended by Section 4, Chapter 332, O.S.L. 2024 (59 O.S. Supp. 2024,
19 Section 357), is amended to read as follows:

20 Section 357. A. As used in Sections 357 through 360 of this
21 title and Section 8 of this act:

22 1. "Covered entity" means a nonprofit hospital or medical
23 service organization, for-profit hospital or medical service
24 organization, insurer, health benefit plan, health maintenance

1 organization, health program administered by the state in the
2 capacity of providing health coverage, or an employer, labor union,
3 or other group of persons that provides health coverage to persons
4 in this state. This term does not include a health benefit plan
5 that provides coverage only for accidental injury, specified
6 disease, hospital indemnity, disability income, or other limited
7 benefit health insurance policies and contracts that do not include
8 prescription drug coverage;

9 2. "Covered individual" means a member, participant, enrollee,
10 contract holder or policy holder or beneficiary of a covered entity
11 who is provided health coverage by the covered entity. A covered
12 individual includes any dependent or other person provided health
13 coverage through a policy, contract or plan for a covered
14 individual;

15 3. "Department" means the Insurance Department;

16 4. "Maximum allowable cost", "MAC", or "MAC list" means the
17 list of drug products delineating the maximum per-unit reimbursement
18 for multiple-source prescription drugs, medical product, or device;

19 5. "Multisource drug product reimbursement" (reimbursement)
20 means the total amount paid to a pharmacy inclusive of any reduction
21 in payment to the pharmacy, excluding prescription dispense fees;

22 6. "Office" means the Office of the Attorney General;

23 7. "Pharmacy benefits management" means a service provided to
24 covered entities to facilitate the provision of prescription drug

1 benefits to covered individuals within the state, including
2 negotiating pricing and other terms with drug manufacturers and
3 providers. Pharmacy benefits management may include any or all of
4 the following services:

- 5 a. claims processing, retail network management and
6 payment of claims to pharmacies for prescription drugs
7 dispensed to covered individuals,
- 8 b. clinical formulary development and management
9 services, or
- 10 c. rebate contracting and administration;

11 8. "Pharmacy benefits manager" or "PBM" means a person,
12 business, or other entity that performs pharmacy benefits
13 management. The term shall include any business or entity licensed
14 by the Insurance Department to perform PBM services, or a person or
15 entity acting on behalf of a PBM in a contractual or employment
16 relationship in the performance of pharmacy benefits management for
17 a managed care company, nonprofit hospital, medical service
18 organization, insurance company, third-party payor, or a health
19 program administered by an agency or department of this state;

20 9. "Plan sponsor" means the employers, insurance companies,
21 unions and health maintenance organizations or any other entity
22 responsible for establishing, maintaining, or administering a health
23 benefit plan on behalf of covered individuals; and

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1 10. "Provider" means a pharmacy licensed by the State Board of
2 Pharmacy, or an agent or representative of a pharmacy, including,
3 but not limited to, the pharmacy's contracting agent, which
4 dispenses prescription drugs or devices to covered individuals.

5 B. Nothing in the definition of pharmacy benefits management or
6 pharmacy benefits manager in the Patient's Right to Pharmacy Choice
7 Act, Pharmacy Audit Integrity Act, ~~or~~ Sections 357 through 360 of
8 this title, or Section 8 of this act shall deem an employer a
9 ~~"pharmacy benefits manager"~~ pharmacy benefits manager of its own
10 self-funded health benefit plan, except, to the extent permitted by
11 applicable law, where the employer, without the utilization of a
12 third party and unrelated to the employer's own pharmacy:

13 a. ~~negotiates~~

14 1. Negotiates directly with drug manufacturers~~;~~;

15 b. ~~processes~~

16 2. Processes claims on behalf of its members~~;~~; or

17 c. ~~manages~~

18 3. Manages its own retail network of pharmacies.

19 SECTION 7. AMENDATORY 59 O.S. 2021, Section 358, as
20 amended by Section 5, Chapter 332, O.S.L. 2024 (59 O.S. Supp. 2024,
21 Section 358), is amended to read as follows:

22 Section 358. A. In order to provide pharmacy benefits
23 management or any of the services included under the definition of
24 pharmacy benefits management in this state, a pharmacy benefits

1 manager or any entity acting as one in a contractual or employment
2 relationship for a covered entity shall first obtain a license from
3 the Insurance Department, and the Department may charge a fee for
4 such licensure.

5 B. The Department shall establish, by regulation, licensure
6 procedures, required disclosures for pharmacy benefits managers
7 (PBMs) and other rules as may be necessary for carrying out and
8 enforcing the provisions of this title. The licensure procedures
9 shall, at a minimum, include the completion of an application form
10 that shall include the name and address of an agent for service of
11 process, the payment of a requisite fee, and evidence of the
12 procurement of a surety bond.

13 C. The Department or the Office of the Attorney General may
14 subpoena witnesses and information. Its compliance officers may
15 take and copy records for investigative use and prosecutions.
16 Nothing in this subsection shall limit the Office of the Attorney
17 General from using its investigative demand authority to investigate
18 and prosecute violations of the law.

19 D. The Department may suspend, revoke or refuse to issue or
20 renew a license for noncompliance with any of the provisions hereby
21 established or with the rules promulgated by the Department; for
22 conduct likely to mislead, deceive or defraud the public or the
23 Department; for unfair or deceptive business practices or for
24 nonpayment of an application or renewal fee or fine. The Department

1 may also levy administrative fines for each count of which a PBM has
2 been convicted in a Department hearing.

3 E. 1. The Office of the Attorney General, after notice and
4 opportunity for hearing, may instruct the Insurance Commissioner
5 that the PBM's license be censured, suspended, or revoked for
6 conduct likely to mislead, deceive, or defraud the public or the
7 State of Oklahoma; or for unfair or deceptive business practices, or
8 for any violation of the Patient's Right to Pharmacy Choice Act, the
9 Pharmacy Audit Integrity Act, ~~or~~ Sections 357 through 360 of this
10 title, or Section 8 of this act. The Office of the Attorney General
11 may also levy administrative fines for each count of which a PBM has
12 been convicted following a hearing before the Attorney General. If
13 the Attorney General makes such instruction, the Commissioner shall
14 enforce the instructed action within thirty (30) calendar days.

15 2. In addition to or in lieu of any censure, suspension, or
16 revocation of a license by the Commissioner, the Attorney General
17 may levy a civil or administrative fine ~~of~~ not less than One Hundred
18 Dollars (\$100.00) and not greater than Ten Thousand Dollars
19 (\$10,000.00) for each violation of this subsection and/or assess any
20 other penalty or remedy authorized by this section. For purposes of
21 this section, each day a PBM fails to comply with an investigation
22 or inquiry may be considered a separate violation.

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1 F. The Attorney General may promulgate rules to implement the
2 provisions of Sections 357 through 360 of this title and Section 8
3 of this act.

4 SECTION 8. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 360.1 of Title 59, unless there
6 is created a duplication in numbering, reads as follows:

7 A. If a disaster declaration is issued for a county in this
8 state, the time period for a provider, a provider's representative,
9 or a pharmacy service administrative organization to file a below-
10 cost reimbursement appeal pursuant to Section 360 of Title 59 of the
11 Oklahoma Statutes shall be tolled for the duration of the disaster
12 declaration.

13 B. Upon the expiration of the disaster declaration, the tolling
14 of the filing period for below-cost reimbursement appeals shall
15 continue for an additional thirty (30) calendar days. Afterward,
16 the time period for filing a below-cost reimbursement appeal, as
17 otherwise provided under state law, shall resume.

18 C. The tolling provisions of this section shall apply only to
19 continuing counties included in the declared disaster area and to
20 below-cost reimbursement appeals arising from claims impacted during
21 the time period of the declared disaster.

22 D. A pharmacy benefits manager (PBM) shall not deny a below-
23 cost reimbursement appeal on timeliness if such appeal is filed
24 during the tolled period provided in this section.

1 E. The Attorney General may promulgate rules to implement the
2 provisions of this act.

3 SECTION 9. It being immediately necessary for the preservation
4 of the public peace, health or safety, an emergency is hereby
5 declared to exist, by reason whereof this act shall take effect and
6 be in full force from and after its passage and approval.

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