

HB0527S02 compared with HB0527S01

~~{Omitted text}~~ shows text that was in HB0527S01 but was omitted in HB0527S02
inserted text shows text that was not in HB0527S01 but was inserted into HB0527S02

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1 **Pharmacy Pricing Amendments**
2026 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Katy Hall
Senate Sponsor: Evan J. Vickers



2
3 **LONG TITLE**

4 **General Description:**

5 This bill amends provisions related to pharmacy benefits.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ defines terms;
- 9 ▶ amends provisions related to drug maximum allowable cost, including regarding lists, appeals,
and claims;
- 11 ▶ specifies penalties; ~~{ and }~~
- 12 ▶ provides the Insurance Department rulemaking authority~~{-}~~ ; and
- 13 ▶ directs the Public Employees' Health Program (PEHP) to adjust PEHP's business practices
to accommodate the requirements of this bill.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 None

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19 **Utah Code Sections Affected:**

20 AMENDS:

21 **31A-46-102** , as last amended by Laws of Utah 2025, Chapter 525

22 **31A-46-303** , as last amended by Laws of Utah 2020, Chapters 198, 275

23 **31A-46-401** , as enacted by Laws of Utah 2019, Chapter 241

24 ENACTS:

25 **31A-46-103** , Utah Code Annotated 1953

26 **Uncodified Material Affected:**

27 ENACTS UNCODIFIED MATERIAL:

28

29 *Be it enacted by the Legislature of the state of Utah:*

30 Section 1. Section **31A-46-102** is amended to read:

31 **31A-46-102. Definitions.**

As used in this chapter:

- 29 (1) "340B drug" means a drug purchased through the 340B drug discount program by a 340B entity.
- 31 (2) "340B drug discount program" means the 340B drug discount program described in 42 U.S.C. Sec. 256b.
- 33 (3) "340B entity" means:
- 34 (a) an entity participating in the 340B drug discount program;
- 35 (b) a pharmacy of an entity participating in the 340B drug discount program; or
- 36 (c) a pharmacy contracting with an entity participating in the 340B drug discount program to dispense drugs purchased through the 340B drug discount program.
- 38 (4) "Administrative fee" means any payment, other than a rebate, that a pharmaceutical manufacturer makes directly or indirectly to a pharmacy benefit manager.
- 40 (5) "Allowable claim amount" means the amount paid by an insurer under the customer's health benefit plan.
- 42 (6) "Contracting insurer" means an insurer with whom a pharmacy benefit manager contracts to provide a pharmacy benefit management service.
- 44 (7) "Cost share" means the amount paid by an insured customer under the customer's health benefit plan.
- 46 (8) "Direct or indirect remuneration" means any adjustment in the total compensation:

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- 47 (a) received by a pharmacy from a pharmacy benefit manager for the sale of a drug, device, or other
product or service; and
- 49 (b) that is determined after the sale of the product or service.
- 50 (9) "Dispense" means the same as that term is defined in Section 58-17b-102.
- 51 (10) "Drug" means the same as that term is defined in Section 58-17b-102.
- 52 (11) "Insurer" means the same as that term is defined in Section 31A-22-636.
- 53 (12) "Maximum allowable cost" means:
- 54 (a) a maximum reimbursement amount for a group of pharmaceutically and therapeutically equivalent
drugs; or
- 56 (b) any similar reimbursement amount that is used by a pharmacy benefit manager to reimburse
pharmacies for multiple source drugs.
- 58 (13) "Medicaid program" means the same as that term is defined in Section 26B-3-101.
- 59 (14) "Obsolete" means a product that may be listed in national drug pricing compendia but is no longer
available to be dispensed based on the expiration date of the last lot manufactured.
- 62 (15) "Patient counseling" means the same as that term is defined in Section 58-17b-102.
- 63 (16) "Pharmacy acquisition cost" means the net amount that a pharmaceutical wholesaler charges for a
pharmaceutical product.
- 65 [~~16~~] (17) "Pharmaceutical facility" means the same as that term is defined in Section 58-17b-102.
- 67 [~~17~~] (18) "Pharmaceutical manufacturer" means a pharmaceutical facility that manufactures
prescription drugs.
- 69 [~~18~~] (19) "Pharmacist" means the same as that term is defined in Section 58-17b-102.
- 70 [~~19~~] (20) "Pharmacy" means the same as that term is defined in Section 58-17b-102.
- 71 [~~20~~] (21) "Pharmacy benefits management service" means any of the following services provided to a
health benefit plan, or to a participant of a health benefit plan:
- 73 (a) negotiating the amount to be paid by a health benefit plan for a prescription drug; or
- 74 (b) administering or managing a prescription drug benefit provided by the health benefit plan for the
benefit of a participant of the health benefit plan, including administering or managing:
- 77 (i) an out-of-state mail service pharmacy;
- 78 (ii) a specialty pharmacy;
- 79 (iii) claims processing;
- 80 (iv) payment of a claim;

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- 81 (v) retail network management;
- 82 (vi) clinical formulary development;
- 83 (vii) clinical formulary management services;
- 84 (viii) rebate contracting;
- 85 (ix) rebate administration;
- 86 (x) a participant compliance program;
- 87 (xi) a therapeutic intervention program;
- 88 (xii) a disease management program; or
- 89 (xiii) a service that is similar to, or related to, a service described in Subsection (20)(a) or this
Subsection (20)(b).
- 91 [~~(21)~~] (22) "Pharmacy benefit manager" means a person licensed under this chapter to provide a
pharmacy benefits management service.
- 93 [~~(22)~~] (23) "Pharmacy service" means a product, good, or service provided to an individual by a
pharmacy or pharmacist.
- 95 [~~(23)~~] (24) "Pharmacy services administration organization" means an entity that contracts with a
pharmacy to assist with third-party payer interactions and administrative services related to third-
party payer interactions, including:
- 98 (a) contracting with a pharmacy benefit manager on behalf of the pharmacy; and
- 99 (b) managing a pharmacy's claims payments from third-party payers.
- 100 [~~(24)~~] (25) "Pharmacy service entity" means:
- 101 (a) a pharmacy services administration organization; or
- 102 (b) a pharmacy benefit manager.
- 103 [~~(25)~~] (26) "Prescription device" means the same as that term is defined in Section 58-17b-102.
- 105 [~~(26)~~] (27) "Prescription drug" means the same as that term is defined in Section 58-17b-102.
- 106 [~~(27)~~] (28)
- (a) "Rebate" means a refund, discount, or other price concession that is paid by a pharmaceutical
manufacturer to a pharmacy benefit manager based on a prescription drug's utilization or
effectiveness.
- 109 (b) "Rebate" does not include an administrative fee.
- 110 [~~(28)~~] (29)
- (a) "Reimbursement report" means a report on the adjustment in total compensation for a claim.

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- 112 (b) "Reimbursement report" does not include a report on adjustments made pursuant to a pharmacy
audit or reprocessing.
- 114 [(29)] (30) "Retail pharmacy" means the same as that term is defined in Section 58-17b-102.
- 115 [(30)] (31) "Sale" means a prescription drug or prescription device claim covered by a health benefit
plan.
- 117 [(31)] (32) "Spread pricing" means the practice in which a pharmacy benefit manager charges a health
benefit plan a different amount for pharmacist services than the amount the pharmacy benefit
manager reimburses a pharmacy for pharmacist services.
- 120 [(32)] (33) "Wholesale acquisition cost" means the same as that term is defined in 42 U.S.C. Sec.
1395w-3a.
- 126 Section 2. Section 2 is enacted to read:
- 127 **31A-46-103. Rulemaking.**
In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
department may make rules to implement this chapter.
- 130 Section 3. Section 31A-46-303 is amended to read:
- 131 **31A-46-303. Insurer and pharmacy benefit management services -- Registration --**
Maximum allowable cost -- Audit restrictions.
- 129 (1) An insurer and an insurer's pharmacy benefit manager is subject to the pharmacy audit provisions of
Section 58-17b-622.
- 131 (2) A pharmacy benefit manager shall not use maximum allowable cost as a basis for reimbursement to
a pharmacy unless:
- 133 (a) the drug is listed as "A" or "B" rated in the most recent version of the United States Food and Drug
Administration's approved drug products with therapeutic equivalent evaluations, also known as
the "Orange Book," or has an "NR" or "NA" rating or similar rating by a nationally recognized
reference; and
- 137 (b) the drug is:
- 138 (i) generally available for purchase in this state from a national or regional wholesaler; and
- 140 (ii) not obsolete.
- 141 (3) The maximum allowable cost may be determined using comparable and current data on drug prices
obtained from multiple nationally recognized, comprehensive data sources, including wholesalers,

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drug file vendors, and pharmaceutical manufacturers for drugs that are available for purchase by pharmacies in the state.

- 145 (4) For every drug for which the pharmacy benefit manager uses maximum allowable cost to reimburse
a contracted pharmacy, the pharmacy benefit manager shall:
- 147 (a) make a list available to a network pharmacy upon request in a format that:
- 148 (i) is electronic;
- 149 (ii) ~~{isecomputer}~~ is computer accessible and searchable;
- 150 (iii) identifies all drugs for which maximum allowable costs have been established; and
- 152 (iv) for each drug specifies:
- 153 (A) the national drug code; and
- 154 (B) ~~{themaximum}~~ the maximum allowable cost;
- 155 (b) include in the contract with the pharmacy information identifying the national drug pricing
compendia and other data sources used to obtain the drug price data;
- 157 ~~[(b)]~~ (c) review and make necessary adjustments to the maximum allowable cost, using the most recent
data sources identified in Subsection ~~[(4)(a)]~~ (4)(b), at least once per week;
- 160 ~~[(e)]~~ (d) provide a process for the contracted pharmacy to appeal the maximum allowable cost in
accordance with Subsection (5); and
- 162 ~~[(d)]~~ (e) include in each contract with a contracted pharmacy a process to obtain an update to the
pharmacy product pricing files used to reimburse the pharmacy in a format that is readily available
and accessible.
- 165 (5)
- (a) The right to appeal in Subsection ~~[(4)(e)]~~ (4)(d) shall be:
- 166 (i) limited to 21 days following the initial claim adjudication; and
- 167 (ii) investigated and resolved by the pharmacy benefit manager within 14 business days.
- 169 (b) A pharmacy benefit manager shall:
- 170 (i) provide as part of the appeals process:
- 171 (A) a dedicated telephone number, electronic mail address, and website for the purpose of submitting
appeals; ~~{and}~~ and
- 173 (B) ~~{the}~~ the ability for a pharmacy to submit an appeal directly to the pharmacy benefit manager or
through the pharmacy's pharmacy services administrative organization; and

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(ii) allow a pharmacy to submit documentation in support of the pharmacy's appeal on paper or electronically.

178 (c) If an appeal is denied, the pharmacy benefit manager shall provide the contracted pharmacy[~~with~~] :

180 (i) the reason for the denial[~~and~~] ;

181 (ii) the identification of the national drug code of the drug that may be purchased by the pharmacy at a price at or below the price determined by the pharmacy benefit manager[-] ; and

184 (iii) the name of each national or regional wholesaler doing business in this state that has the drug available for purchase at or below the maximum allowable cost.

186 (d) If an appeal is upheld or {if} the pharmacy benefit manager cannot provide the name of a national or regional wholesaler doing business in this state that has the drug available for purchase at or below the maximum allowable costfor a similarly situated pharmacy as the pharmacy that submitted the appeal, the pharmacy benefit manager shall:

190 (i) make an adjustment for the pharmacy that appealed;

191 (ii) permit the dispensing pharmacy to reverse the claim and resubmit an adjusted claim without an additional charge; and

193 (iii) make the price correction effective for all similarly situated network pharmacies from the date of the approved appeal.

195 (6) The contract with each pharmacy shall contain a dispute resolution mechanism in the event either party breaches the terms or conditions of the contract.

197 (7) This section does not apply to a pharmacy benefit manager when the pharmacy benefit manager is providing pharmacy benefit management services on behalf of the Medicaid program.

205 Section 4. Section **31A-46-401** is amended to read:

206 **31A-46-401. Penalties.**

[A person that violates a provision of this chapter is subject to the penalties described in Section 31A-2-308.]

204 (1) The commissioner may order a pharmacy benefit manager who violates this chapter to forfeit to the state not more than \$2,500 for each violation.

206 (2) Each day the violation continues is a separate violation.

212 Section 5. **Uncodified language.**

PEHP shall adjust PEHP's business practices to mitigate any financial impacts caused for compliance with the provisions enacted in Section 31A-46-303 by this bill.

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Section 6. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

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