

Katy Hall proposes the following substitute bill:

Pharmacy Pricing Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Katy Hall

Senate Sponsor: Evan J. Vickers

LONG TITLE

General Description:

This bill amends provisions related to pharmacy benefits.

Highlighted Provisions:

This bill:

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

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

- 31A-46-102**, as last amended by Laws of Utah 2025, Chapter 525
- 31A-46-303**, as last amended by Laws of Utah 2020, Chapters 198, 275
- 31A-46-401**, as enacted by Laws of Utah 2019, Chapter 241

ENACTS:

31A-46-103, Utah Code Annotated 1953

Uncodified Material Affected:

ENACTS UNCODIFIED MATERIAL

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.**

32 As used in this chapter:

- 33 (1) "340B drug" means a drug purchased through the 340B drug discount program by a
34 340B entity.
- 35 (2) "340B drug discount program" means the 340B drug discount program described in 42
36 U.S.C. Sec. 256b.
- 37 (3) "340B entity" means:
38 (a) an entity participating in the 340B drug discount program;
39 (b) a pharmacy of an entity participating in the 340B drug discount program; or
40 (c) a pharmacy contracting with an entity participating in the 340B drug discount
41 program to dispense drugs purchased through the 340B drug discount program.
- 42 (4) "Administrative fee" means any payment, other than a rebate, that a pharmaceutical
43 manufacturer makes directly or indirectly to a pharmacy benefit manager.
- 44 (5) "Allowable claim amount" means the amount paid by an insurer under the customer's
45 health benefit plan.
- 46 (6) "Contracting insurer" means an insurer with whom a pharmacy benefit manager
47 contracts to provide a pharmacy benefit management service.
- 48 (7) "Cost share" means the amount paid by an insured customer under the customer's health
49 benefit plan.
- 50 (8) "Direct or indirect remuneration" means any adjustment in the total compensation:
51 (a) received by a pharmacy from a pharmacy benefit manager for the sale of a drug,
52 device, or other product or service; and
53 (b) that is determined after the sale of the product or service.
- 54 (9) "Dispense" means the same as that term is defined in Section 58-17b-102.
- 55 (10) "Drug" means the same as that term is defined in Section 58-17b-102.
- 56 (11) "Insurer" means the same as that term is defined in Section 31A-22-636.
- 57 (12) "Maximum allowable cost" means:
58 (a) a maximum reimbursement amount for a group of pharmaceutically and
59 therapeutically equivalent drugs; or
60 (b) any similar reimbursement amount that is used by a pharmacy benefit manager to
61 reimburse pharmacies for multiple source drugs.
- 62 (13) "Medicaid program" means the same as that term is defined in Section 26B-3-101.

- 63 (14) "Obsolete" means a product that may be listed in national drug pricing compendia but
64 is no longer available to be dispensed based on the expiration date of the last lot
65 manufactured.
- 66 (15) "Patient counseling" means the same as that term is defined in Section 58-17b-102.
- 67 (16) "Pharmacy acquisition cost" means the net amount that a pharmaceutical wholesaler
68 charges for a pharmaceutical product.
- 69 [~~16~~] (17) "Pharmaceutical facility" means the same as that term is defined in Section
70 58-17b-102.
- 71 [~~17~~] (18) "Pharmaceutical manufacturer" means a pharmaceutical facility that
72 manufactures prescription drugs.
- 73 [~~18~~] (19) "Pharmacist" means the same as that term is defined in Section 58-17b-102.
- 74 [~~19~~] (20) "Pharmacy" means the same as that term is defined in Section 58-17b-102.
- 75 [~~20~~] (21) "Pharmacy benefits management service" means any of the following services
76 provided to a health benefit plan, or to a participant of a health benefit plan:
77 (a) negotiating the amount to be paid by a health benefit plan for a prescription drug; or
78 (b) administering or managing a prescription drug benefit provided by the health benefit
79 plan for the benefit of a participant of the health benefit plan, including administering
80 or managing:
81 (i) an out-of-state mail service pharmacy;
82 (ii) a specialty pharmacy;
83 (iii) claims processing;
84 (iv) payment of a claim;
85 (v) retail network management;
86 (vi) clinical formulary development;
87 (vii) clinical formulary management services;
88 (viii) rebate contracting;
89 (ix) rebate administration;
90 (x) a participant compliance program;
91 (xi) a therapeutic intervention program;
92 (xii) a disease management program; or
93 (xiii) a service that is similar to, or related to, a service described in Subsection
94 (20)(a) or this Subsection (20)(b).
- 95 [~~21~~] (22) "Pharmacy benefit manager" means a person licensed under this chapter to
96 provide a pharmacy benefits management service.

97 [~~(22)~~] (23) "Pharmacy service" means a product, good, or service provided to an individual
98 by a pharmacy or pharmacist.

99 [~~(23)~~] (24) "Pharmacy services administration organization" means an entity that contracts
100 with a pharmacy to assist with third-party payer interactions and administrative services
101 related to third-party payer interactions, including:

102 (a) contracting with a pharmacy benefit manager on behalf of the pharmacy; and

103 (b) managing a pharmacy's claims payments from third-party payers.

104 [~~(24)~~] (25) "Pharmacy service entity" means:

105 (a) a pharmacy services administration organization; or

106 (b) a pharmacy benefit manager.

107 [~~(25)~~] (26) "Prescription device" means the same as that term is defined in Section
108 58-17b-102.

109 [~~(26)~~] (27) "Prescription drug" means the same as that term is defined in Section 58-17b-102.

110 [~~(27)~~] (28)(a) "Rebate" means a refund, discount, or other price concession that is paid by
111 a pharmaceutical manufacturer to a pharmacy benefit manager based on a
112 prescription drug's utilization or effectiveness.

113 (b) "Rebate" does not include an administrative fee.

114 [~~(28)~~] (29)(a) "Reimbursement report" means a report on the adjustment in total
115 compensation for a claim.

116 (b) "Reimbursement report" does not include a report on adjustments made pursuant to a
117 pharmacy audit or reprocessing.

118 [~~(29)~~] (30) "Retail pharmacy" means the same as that term is defined in Section 58-17b-102.

119 [~~(30)~~] (31) "Sale" means a prescription drug or prescription device claim covered by a
120 health benefit plan.

121 [~~(31)~~] (32) "Spread pricing" means the practice in which a pharmacy benefit manager
122 charges a health benefit plan a different amount for pharmacist services than the amount
123 the pharmacy benefit manager reimburses a pharmacy for pharmacist services.

124 [~~(32)~~] (33) "Wholesale acquisition cost" means the same as that term is defined in 42 U.S.C.
125 Sec. 1395w-3a.

126 Section 2. Section **31A-46-103** is enacted to read:

127 **31A-46-103 . Rulemaking.**

128 In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
129 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**
132 **-- Maximum allowable cost -- Audit restrictions.**

- 133 (1) An insurer and an insurer's pharmacy benefit manager is subject to the pharmacy audit
134 provisions of Section 58-17b-622.
- 135 (2) A pharmacy benefit manager shall not use maximum allowable cost as a basis for
136 reimbursement to a pharmacy unless:
- 137 (a) the drug is listed as "A" or "B" rated in the most recent version of the United States
138 Food and Drug Administration's approved drug products with therapeutic equivalent
139 evaluations, also known as the "Orange Book," or has an "NR" or "NA" rating or
140 similar rating by a nationally recognized reference; and
- 141 (b) the drug is:
- 142 (i) generally available for purchase in this state from a national or regional
143 wholesaler; and
- 144 (ii) not obsolete.
- 145 (3) The maximum allowable cost may be determined using comparable and current data on
146 drug prices obtained from multiple nationally recognized, comprehensive data sources,
147 including wholesalers, drug file vendors, and pharmaceutical manufacturers for drugs
148 that are available for purchase by pharmacies in the state.
- 149 (4) For every drug for which the pharmacy benefit manager uses maximum allowable cost
150 to reimburse a contracted pharmacy, the pharmacy benefit manager shall:
- 151 (a) make a list available to a network pharmacy upon request in a format that:
- 152 (i) is electronic;
- 153 (ii) is computer accessible and searchable;
- 154 (iii) identifies all drugs for which maximum allowable costs have been established;
155 and
- 156 (iv) for each drug specifies:
- 157 (A) the national drug code; and
- 158 (B) the maximum allowable cost;
- 159 (b) include in the contract with the pharmacy information identifying the national drug
160 pricing compendia and other data sources used to obtain the drug price data;
- 161 ~~(b)~~ (c) review and make necessary adjustments to the maximum allowable cost, using
162 the most recent data sources identified in Subsection ~~[(4)(a)]~~ (4)(b), at least once per
163 week;
- 164 ~~(e)~~ (d) provide a process for the contracted pharmacy to appeal the maximum allowable

- 165 cost in accordance with Subsection (5); and
- 166 ~~[(d)]~~ (e) include in each contract with a contracted pharmacy a process to obtain an
- 167 update to the pharmacy product pricing files used to reimburse the pharmacy in a
- 168 format that is readily available and accessible.
- 169 (5)(a) The right to appeal in Subsection ~~[(4)(e)]~~ (4)(d) shall be:
- 170 (i) limited to 21 days following the initial claim adjudication; and
- 171 (ii) investigated and resolved by the pharmacy benefit manager within 14 business
- 172 days.
- 173 (b) A pharmacy benefit manager shall:
- 174 (i) provide as part of the appeals process:
- 175 (A) a dedicated telephone number, electronic mail address, and website for the
- 176 purpose of submitting appeals; and
- 177 (B) the ability for a pharmacy to submit an appeal directly to the pharmacy benefit
- 178 manager or through the pharmacy's pharmacy services administrative
- 179 organization; and
- 180 (ii) allow a pharmacy to submit documentation in support of the pharmacy's appeal
- 181 on paper or electronically.
- 182 (c) If an appeal is denied, the pharmacy benefit manager shall provide the contracted
- 183 pharmacy~~[-with]~~ :
- 184 (i) the reason for the denial~~[-and]~~ ;
- 185 (ii) the identification of the national drug code of the drug that may be purchased by
- 186 the pharmacy at a price at or below the price determined by the pharmacy benefit
- 187 manager~~[-]~~ ; and
- 188 (iii) the name of each national or regional wholesaler doing business in this state that
- 189 has the drug available for purchase at or below the maximum allowable cost.
- 190 (d) If an appeal is upheld or the pharmacy benefit manager cannot provide the name of a
- 191 national or regional wholesaler doing business in this state that has the drug available
- 192 for purchase at or below the maximum allowable cost for a similarly situated
- 193 pharmacy as the pharmacy that submitted the appeal, the pharmacy benefit manager
- 194 shall:
- 195 (i) make an adjustment for the pharmacy that appealed;
- 196 (ii) permit the dispensing pharmacy to reverse the claim and resubmit an adjusted
- 197 claim without an additional charge; and
- 198 (iii) make the price correction effective for all similarly situated network pharmacies

199 from the date of the approved appeal.

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

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

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

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

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

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

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

212 Section 5. **Uncodified language.**

213 PEHP shall adjust PEHP's business practices, including increasing state employee
214 premiums, to mitigate any financial impacts caused for compliance with the provisions enacted
215 in Section 31A-46-303 by this bill.

216 Section 6. **Effective Date.**

217 This bill takes effect on May 6, 2026.