

Local News

# Arkansas Issues First Licenses to Pharmacy Benefit Managers

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LITTLE ROCK, Ark. - Arkansas pharmacists should start seeing the side effects of a new state law that regulates the middlemen between them and insurance providers.

The Arkansas Insurance Department now licenses and oversees pharmacy benefit managers (PBMs) after pharmacists blamed them for drastic cuts to their reimbursement rates last year. Lawmakers crafted Act 3 during the 2018 special session.

The insurance department issued its first PBM licenses this week to Aetna Pharmacy Management and CVS Caremark. It also gave a 60-day conditional license to OptumRX, pending the department's completion of its application.

John Vinson, a pharmacist and the COO of the Arkansas Pharmacists Association, said he is excited the process is on time, but the issue is still a work in progress.

"We felt like there was no market last year, that the market was broken," Vinson said. "We have some hope now that there will be the ability to have a more fair market and a referee on the playing field at least in Arkansas."

Vinson said spread pricing, where PBMs mark up the difference between the amount they reimburse pharmacies for a drug and the amount they charge their customers, is not technically prohibited, but the new law makes the mandated reporting on it more transparent and therefore less desirable to do.

"Our understanding is the spread pricing has been eliminated so it should make it easier for patients to receive services and taxpayers to not be overcharged for administrative fees that they don't understand, to be honest with you, because they're opaque," Vinson said. "We like transparency and simplicity rather than complexity."

St. Sen. Jason Rapert, R-Conway, is working in his capacity as a member of the National Council of Insurance Legislators (NCOIL) to bring the Arkansas framework to other states.

"Arkansas passed the most robust pharmacy benefit manager regulation bill really in the country," Rapert said. "It took pieces of legislation and approaches from all over the country to try to control what we had seen is out of control PBMs."

In December, NCOIL passed the Arkansas legislation as the national model law for PBM regulation in hopes of inspiring other state legislatures to run it.

"We're working hand in hand with the National Association of Insurance Commissioners to try to make sure that we effectively put in place a framework by which we can control this and not have the upset we saw in Arkansas with independent pharmacies facing closure," Rapert said.

At the federal level, President Trump signed legislation in October that lifts pharmacists' gag orders on drug prices, allowing them to share cheaper alternatives with patients.

"We see the momentum, but the reality of the situation is that insurance is regulated at the state level," Rapert said. "That's why it's important that state legislative organizations and legislators like myself work together to make sure that we try to effectively control this situation for consumers."

- **[Arkansas Lawmakers Review New Rule to Regulate Pharmacy Benefit Managers](#)**
- **[Arkansas Insurance Dept. Hears Public Comment Over New Rule Regulating Pharmacy Benefit Managers](#)**
- **[Special Legislative Session Could Make Arkansas First to Regulate Pharmacy Benefit Managers](#)**
- **[Lawmakers, Pharmacists Meet with CVS over Regulation of Pharmacy Benefit Managers](#)**