REFERENCE TITLE: pharmacy benefits; patient steering; prohibition

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1710

Introduced by
Senator Shamp

AN ACT

AMENDING TITLE 20, CHAPTER 25, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 20-3337, 20-3338 AND 20-3339; RELATING TO PHARMACY BENEFIT MANAGERS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 20, chapter 25, article 2, Arizona Revised Statutes, is amended by adding sections 20-3337, 20-3338 and 20-3339, to read:

20-3337. Pharmacy benefit managers; affiliated providers; prohibition against steering; definition

A. A PHARMACY BENEFIT MANAGER MAY NOT TRANSFER TO OR RECEIVE FROM ITS AFFILIATED PROVIDER A RECORD THAT CONTAINS PATIENT OR PRESCRIBER IDENTIFIABLE PRESCRIPTION INFORMATION FOR A COMMERCIAL PURPOSE. FOR THE PURPOSES OF THIS SUBSECTION, COMMERCIAL PURPOSE DOES NOT INCLUDE PHARMACY REIMBURSEMENT, FORMULARY COMPLIANCE, PHARMACEUTICAL CARE, UTILIZATION REVIEW BY A HEALTH CARE PROVIDER OR A PUBLIC HEALTH ACTIVITY AUTHORIZED BY LAW.

B. A PHARMACY BENEFIT MANAGER MAY NOT DIRECTLY OR INDIRECTLY STEER A PATIENT TO USE THE PHARMACY BENEFIT MANAGER'S AFFILIATED PROVIDER BY DOING ANY OF THE FOLLOWING:

1. COMMUNICATING THROUGH DATA MINING OR OTHER SIMILAR PROCESSES OF PATIENT INFORMATION THAT ARE GENERATED FROM OR OBTAINED THROUGH THE PRESCRIPTION FILLING PROCESS AT A PHARMACY, INCLUDING:

(a) CONTACTING THE PATIENT VERBALLY OR IN WRITING TO INFLUENCE THE PATIENT DIRECTLY OR INDIRECTLY.

(b) PROVIDING A PATIENT WITH THE OPTION TO USE AN ALTERNATIVE PHARMACY THAT IS A PHARMACY BENEFIT MANAGER'S AFFILIATED PROVIDER.

2. ATTEMPTING TO INFLUENCE A PATIENT TO USE AN AFFILIATED PROVIDER.

3. RETALIATING AGAINST A PATIENT WHO DOES NOT USE AN AFFILIATED PROVIDER.

C. SUBSECTION B OF THIS SECTION DOES NOT PREVENT A PHARMACY BENEFIT MANAGER FROM INCLUDING ITS AFFILIATED PROVIDER IN A PATIENT OR PROSPECTIVE PATIENT COMMUNICATION IF THE COMMUNICATION BOTH:

1. REGARDS INFORMATION ABOUT THE COST OR SERVICE PROVIDED BY PHARMACIES OR DURABLE MEDICAL EQUIPMENT PROVIDERS IN THE NETWORK OF A HEALTH BENEFITS PLAN IN WHICH THE PATIENT OR PROSPECTIVE PATIENT IS ENROLLED.

2. INCLUDES ACCURATE COMPARABLE INFORMATION REGARDING PHARMACIES OR DURABLE MEDICAL EQUIPMENT PROVIDERS IN THE NETWORK THAT ARE NOT THE ISSUER'S OR PHARMACY BENEFIT MANAGER'S AFFILIATED PROVIDERS.

D. A PHARMACY BENEFIT MANAGER MAY NOT DO ANY OF THE FOLLOWING:

1. PENALIZE A BENEFICIARY OR PROVIDE AN INDUCEMENT TO THE BENEFICIARY FOR THE PURPOSES OF GETTING THE BENEFICIARY TO USE A SPECIFIC RETAIL, MAIL ORDER OR OTHER NETWORK PHARMACY THAT IS THE PHARMACY BENEFIT MANAGER'S AFFILIATED PROVIDER. FOR THE PURPOSES OF THIS PARAGRAPH, "INDUCEMENT" MEANS PROVIDING FINANCIAL INCENTIVES, INCLUDING VARIATIONS IN PREMIUMS, DEDUCTIBLES, COPAYMENTS OR COINSURANCE.

2. SOLICIT A PATIENT OR PRESCRIBER TO TRANSFER A PATIENT PRESCRIPTION TO THE PHARMACY BENEFIT MANAGER'S AFFILIATED PROVIDER.

3. REQUIRE A PHARMACY OR DURABLE MEDICAL EQUIPMENT PROVIDER THAT IS NOT THE PHARMACY BENEFIT MANAGER'S AFFILIATED PROVIDER TO TRANSFER A PATIENT'S PRESCRIPTION TO THE PHARMACY BENEFIT MANAGER'S AFFILIATED PROVIDER WITHOUT THE PRIOR WRITTEN CONSENT OF THE PATIENT. THIS PARAGRAPH DOES NOT PROHIBIT A PATIENT FROM PERSONALLY REQUESTING TO TRANSFER THE PATIENT'S PRESCRIPTION WITHOUT WRITTEN CONSENT.

4. PAY AN AFFILIATED PROVIDER A REIMBURSEMENT AMOUNT THAT IS MORE THAN THE AMOUNT THE PHARMACY BENEFIT MANAGER PAYS A PHARMACY OR DURABLE MEDICAL EQUIPMENT PROVIDER THAT IS NOT AN AFFILIATED PROVIDER FOR THE SAME PRODUCT OR SERVICE.

5. COMMIT ANY UNFAIR AND DECEPTIVE TRADE PRACTICE THAT IS PROHIBITED BY SECTION 44-1522.

E. THE PROHIBITIONS IN THIS SECTION APPLY TO A PHARMACY BENEFIT MANAGER ACTING ON ITS OWN BEHALF OR ON BEHALF OF AN INSURER.

F. THIS SECTION DOES NOT APPLY TO HEALTH AND ACCIDENT INSURANCE COVERAGE THAT IS OBTAINED BY THE DEPARTMENT OF ADMINISTRATION UNDER SECTION 38-651.

G. THE DEPARTMENT MAY INVESTIGATE VIOLATIONS OF THIS SECTION. ANY CONDUCT IN VIOLATION OF THIS SECTION THAT IS PERFORMED WITH SUCH A FREQUENCY AS TO INDICATE A GENERAL BUSINESS PRACTICE CONSTITUTES AN UNLAWFUL PRACTICE UNDER SECTION 44-1522 AND IS SUBJECT TO THE CONSUMER FRAUD PROVISIONS UNDER TITLE 44, CHAPTER 10, ARTICLE 7.

H. FOR THE PURPOSES OF THIS SECTION, "AFFILIATED PROVIDER" MEANS A PHARMACY OR DURABLE MEDICAL EQUIPMENT PROVIDER THAT DIRECTLY, OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLS, IS CONTROLLED BY OR UNDER COMMON CONTROL WITH A PHARMACY BENEFIT MANAGER.

20-3338. Clinician-administered drugs; limitations; definitions

A. A PHARMACY BENEFIT MANAGER OR A HEALTH INSURER MAY NOT:

1. REQUIRE A CLINICIAN-ADMINISTERED DRUG TO BE DISPENSED BY A PHARMACY, INCLUDING BY AN AFFILIATED PROVIDER, AS A CONDITION OF COVERAGE.

2. LIMIT OR EXCLUDE COVERAGE FOR A CLINICIAN-ADMINISTERED DRUG OR PRESCRIPTION DRUG THAT IS NOT DISPENSED BY A PHARMACY OR AFFILIATED PROVIDER, IF THE PRESCRIPTION DRUG IS OTHERWISE COVERED UNDER THE HEALTH BENEFIT PLAN OR PHARMACY BENEFIT PLAN.

3. COVER A PRESCRIPTION DRUG AS A DIFFERENT BENEFIT OR TIER OR WITH COST SHARING REQUIREMENTS THAT IMPOSE GREATER EXPENSE FOR A COVERED INDIVIDUAL IF THE DRUG IS DISPENSED OR ADMINISTERED AT THE PRESCRIBER'S OFFICE, A HOSPITAL OUTPATIENT INFUSION CENTER OR ANY OTHER OUTPATIENT CLINICAL SETTING RATHER THAN A PHARMACY OR AFFILIATED PROVIDER.

4. COMMIT ANY UNFAIR AND DECEPTIVE TRADE PRACTICE THAT IS PROHIBITED BY SECTION 44-1522.

B. THIS SECTION DOES NOT DO EITHER OF THE FOLLOWING:

1. AUTHORIZE A PERSON TO ADMINISTER A PRESCRIPTION DRUG THAT IS OTHERWISE PROHIBITED UNDER THE LAWS OF THIS STATE OR FEDERAL LAW.

2. MODIFY PRESCRIPTION DRUG ADMINISTRATION REQUIREMENTS UNDER THE LAWS OF THIS STATE, INCLUDING ANY REQUIREMENTS RELATED TO DELEGATING AND SUPERVISING PRESCRIPTION DRUG ADMINISTRATION.

C. THE DEPARTMENT MAY INVESTIGATE VIOLATIONS OF THIS SECTION. ANY CONDUCT IN VIOLATION OF THIS SECTION THAT IS PERFORMED WITH SUCH A FREQUENCY AS TO INDICATE A GENERAL BUSINESS PRACTICE CONSTITUTES AN UNLAWFUL PRACTICE UNDER SECTION 44-1522 AND IS SUBJECT TO THE CONSUMER FRAUD PROVISIONS UNDER TITLE 44, CHAPTER 10, ARTICLE 7.

D. THIS SECTION DOES NOT APPLY TO HEALTH AND ACCIDENT INSURANCE COVERAGE THAT IS OBTAINED BY THE DEPARTMENT OF ADMINISTRATION UNDER SECTION 38-651.

E. FOR THE PURPOSES OF THIS SECTION:

1. "AFFILIATED PROVIDER" HAS THE SAME MEANING PRESCRIBED IN SECTION 20-3337.

2. "CLINICIAN-ADMINISTERED DRUG" MEANS AN OUTPATIENT PRESCRIPTION DRUG THAT CANNOT REASONABLY BE SELF-ADMINISTERED BY THE PATIENT TO WHOM THE DRUG IS PRESCRIBED AND THAT IS TYPICALLY ADMINISTERED BY A HEALTH CARE PROVIDER AUTHORIZED UNDER THE LAWS OF THIS STATE TO ADMINISTER THE DRUG.

3. "HEALTH CARE PROVIDER" MEANS AN INDIVIDUAL WHO IS LICENSED, CERTIFIED OR OTHERWISE AUTHORIZED TO PROVIDE HEALTH CARE SERVICES IN THIS STATE.

4. "PRESCRIBER" MEANS AN INDIVIDUAL WHO IS LICENSED TO PRESCRIBE PRESCRIPTION DRUGS IN THIS STATE.

20-3339. Pharmacy benefit managers; transparency annual report; department

A. ON OR BEFORE MARCH 1, 2027 AND EACH YEAR THEREAFTER, A PHARMACY BENEFIT MANAGER, AS A CONDITION OF LICENSURE, SHALL SUBMIT A TRANSPARENCY REPORT TO THE DEPARTMENT THAT INCLUDES THE FOLLOWING DATA FROM THE PRIOR CALENDAR YEAR:

1. THE AMOUNT OF ALL REBATES THAT THE PHARMACY BENEFIT MANAGER RECEIVED FROM PHARMACEUTICAL MANUFACTURERS.

2. THE TOTAL AMOUNT OF ALL ADMINISTRATIVE FEES THAT THE PHARMACY BENEFIT MANAGER RECEIVED.

3. THE AMOUNT OF ALL NEGOTIATED PRICE CONCESSIONS, INCLUDING BASE PRICE CONCESSIONS, REASONABLE ESTIMATES OR ANY PRICE PROTECTION REBATES NOT INCLUDING MANUFACTURER REBATES AND PERFORMANCE-BASED CONCESSIONS.

4. THE TOTAL AMOUNT OF ALL REBATES THAT WERE PASSED TO ENROLLEES AT THE POINT OF SALE OF A PRESCRIPTION DRUG.

5. THE TOTAL AMOUNT OF ALL REIMBURSEMENTS THAT WERE PAID TO NETWORK PHARMACIES IN THIS STATE, SPECIFICALLY IDENTIFIED AS A LOCAL PHARMACY, AN AFFILIATED PHARMACY AND A NONAFFILIATED PHARMACY.

6. THE TOTAL AMOUNT OF ALL SPECIALTY DRUG REBATES THAT THE PHARMACY BENEFIT MANAGER RECEIVED.

7. THE TOTAL NUMBER OF OTHER SERVICES THAT WERE PROVIDED BY THE PHARMACY BENEFIT MANAGER OR ITS AFFILIATES OR SUBSIDIARIES IN ADDITION TO PRESCRIPTION DRUGS, INCLUDING THE IDENTIFICATION OF THE SERVICES PROVIDED, THE COST OF THE SERVICES PROVIDED AND WHERE THE SERVICES WERE PROVIDED.

8. THE COMPLETE CORPORATE VERTICAL INTEGRATION STRUCTURE OF ALL COMPONENTS RELATED TO THE PHARMACY BENEFIT MANAGER, INCLUDING THE INSURER, PHARMACY BENEFIT MANAGER, GROUP PURCHASING ORGANIZATION, MANUFACTURER, WHOLESALE DISTRIBUTOR, SPECIALTY OR MAIL ORDER PHARMACY, RETAIL OR LONG-TERM CARE PHARMACY AND PROVIDER.

B. THE TRANSPARENCY REPORT SHALL:

1. CATEGORIZE THE DATA BY EACH PHARMACY BENEFIT MANAGER'S CONTRACTUAL OR OTHER RELATIONSHIP WITH A HEALTH BENEFIT PLAN OR A HEALTH INSURER.

2. BE MADE AVAILABLE ON REQUEST TO THE PUBLIC IN A FORM THAT DOES NOT DISCLOSE ANY OF THE FOLLOWING:

(a) THE IDENTITY OF A SPECIFIC HEALTH BENEFIT PLAN.

(b) THE PRICES THAT WERE CHARGED FOR SPECIFIC DRUGS OR CLASSES OF DRUGS.

(c) ANY REBATES THAT WERE PROVIDED FOR SPECIFIC DRUGS OR CLASSES OF DRUGS.

Sec. 2. Applicability

Sections 20-3337, 20-3338 and 22-3339, Arizona Revised Statutes, as added by this act, apply to contracts that are entered into, amended, extended or renewed on or after the effective date of this act.