



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

April 30, 2019

The Honorable Katie Hobbs
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 1st Regular Session, which I signed on April 30th, 2019:

H.B. 2036 dual enrollment; reported information; date (Cook)
H.B. 2080 civil rights restoration; application; procedures (J.Allen)
H.B. 2122 do-not-resuscitate orders; minors; parental consent (Barto)
H.B. 2271 public lands day; holiday (Dunn)
H.B. 2285 pharmacy benefit managers; pharmacy benefits (Cobb)
H.B. 2366 motor vehicle accidents; restricted license (Toma)
H.B. 2432 state treasurer's office; funds; consolidation (Cobb)
H.B. 2477 adjudication statutes; unconstitutional provisions; repeal (Bowers)
H.B. 2550 regulation; kratom products (Rivero)
H.B. 2606 share the road special plates (Shope)
S.B. 1016 ASRS; ineligible contributions; unfunded liability (Livingston)
S.B. 1177 home school district; special education (S. Allen)
S.B. 1442 state fleet; neighborhood electric vehicles (Pratt)
S.B. 1453 affordable homeownership special plate (Rios)

Sincerely,

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

Senate Engrossed House Bill

FILED
KATIE HOBBS
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 152
HOUSE BILL 2285

AN ACT

AMENDING SECTION 20-3321, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 25, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2; AMENDING SECTION 44-1751, ARIZONA REVISED STATUTES; AMENDING TITLE 44, CHAPTER 11, ARTICLE 10.1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 44-1753 AND 44-1754; RELATING TO PHARMACY BENEFIT MANAGERS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-3321, Arizona Revised Statutes, is amended to
3 read:

4 20-3321. Definitions

5 In this ~~article~~ CHAPTER, unless the context otherwise requires:

6 1. "Auditing entity" means any person, company, group or plan
7 working on behalf of or pursuant to a contract with an insurer or pharmacy
8 benefits manager for the purposes of auditing pharmacy drug claims
9 adjudicated by pharmacies.

10 2. "Clerical errors" means a minor recordkeeping or transcribing
11 error, including typographical errors, scrivener's errors or computer
12 errors, in a required electronic or hard copy document, record or
13 prescription order if both of the following criteria are met:

14 (a) The error did not result in actual financial harm to an entity.

15 (b) The error did not involve dispensing an incorrect dose or type
16 of medication or dispensing a prescription drug to the wrong person.

17 3. "Desktop audit" means an audit that is conducted by an auditing
18 entity at a location other than the location of the pharmacist or
19 pharmacy. Desktop audit includes an audit that is performed at the offices
20 of the auditing entity during which the pharmacist or pharmacy provides
21 requested documents for review by hard copy or by microfiche, disk or
22 other electronic media.

23 4. "In-pharmacy audit" means an audit that is conducted by an
24 auditing entity at the physical business address of the pharmacy where the
25 claim was adjudicated.

26 5. "Insurer" means a disability insurer, group disability insurer,
27 blanket disability insurer, health care services organization, hospital
28 service corporation, medical service corporation or hospital and medical
29 service corporation.

30 6. "LIST" MEANS THE LIST OF DRUGS FOR WHICH A PHARMACY BENEFIT
31 MANAGER HAS ESTABLISHED A MAXIMUM ALLOWABLE COST.

32 7. "MAXIMUM ALLOWABLE COST":

33 (a) MEANS THE MAXIMUM AMOUNT THAT A PHARMACY BENEFIT MANAGER WILL
34 REIMBURSE A PHARMACY FOR THE COST OF A MULTISOURCE DRUG.

35 (b) DOES NOT INCLUDE THE DISPENSING FEE FOR THE DRUG.

36 ~~6.~~ 8. "Pharmacist" has the same meaning prescribed in section
37 32-1901.

38 ~~7.~~ 9. "Pharmacy" has the same meaning prescribed in section
39 32-1901.

40 ~~8.~~ 10. "Pharmacy ~~benefits~~ BENEFIT manager" means a person,
41 business or other entity that, pursuant to a contract or under an
42 employment relationship with ~~a carrier~~ AN INSURER or other third-party
43 ~~payer~~ PAYOR, either directly or through an intermediary manages the
44 prescription drug coverage provided by the ~~carrier~~ INSURER or other
45 third-party ~~payer~~ PAYOR, including the processing and payment of claims

1 for prescription drugs, the performance of drug utilization review, the
2 processing of drug prior authorization requests, the adjudication of
3 appeals or grievances related to prescription drug coverage, contracting
4 with network pharmacies and controlling the cost of covered prescription
5 drugs.

6 Sec. 2. Title 20, chapter 25, Arizona Revised Statutes, is amended
7 by adding article 2, to read:

8 ARTICLE 2. PHARMACY BENEFIT MANAGERS

9 20-3331. Pharmacy benefit managers; requirements;
10 applicability

11 A. A PHARMACY BENEFIT MANAGER SHALL DO ALL OF THE FOLLOWING:

12 1. UPDATE THE PRICE AND DRUG INFORMATION FOR EACH LIST THAT THE
13 PHARMACY BENEFIT MANAGER MAINTAINS EVERY SEVEN BUSINESS DAYS.

14 2. AT THE BEGINNING OF THE TERM OF A CONTRACT, ON RENEWAL OF A
15 CONTRACT AND AT LEAST ONCE ANNUALLY DURING THE TERM OF A CONTRACT, MAKE
16 AVAILABLE TO EACH NETWORK PHARMACY THE SOURCES USED TO DETERMINE MAXIMUM
17 ALLOWABLE COST PRICING.

18 3. ESTABLISH A PROCESS BY WHICH A NETWORK PHARMACY MAY APPEAL ITS
19 REIMBURSEMENT FOR A DRUG SUBJECT TO MAXIMUM ALLOWABLE COST PRICING.

20 4. ALLOW A PHARMACY SERVICES ADMINISTRATIVE ORGANIZATION THAT IS
21 CONTRACTED WITH THE PHARMACY BENEFIT MANAGER TO FILE AN APPEAL OF A DRUG
22 ON BEHALF OF THE ORGANIZATION'S CONTRACTED PHARMACIES.

23 B. BEGINNING ON JANUARY 1, 2020, THIS SECTION APPLIES TO ALL NEW
24 AND EXISTING CONTRACTS BETWEEN A PHARMACY BENEFIT MANAGER AND A LICENSED
25 PHARMACY.

26 Sec. 3. Section 44-1751, Arizona Revised Statutes, is amended to
27 read:

28 44-1751. Definitions

29 In this article, unless the context otherwise requires:

30 1. "Cost share" means an ~~enrollee's~~ INSURED'S applicable
31 coinsurance, copayment and deductible requirement under a health plan
32 based on the adjudicated claim.

33 2. "Pharmacy ~~benefits~~ BENEFIT manager" has the same meaning
34 prescribed in section 20-3321.

35 3. "PLAN SPONSOR" MEANS AN EMPLOYER OR ORGANIZATION THAT OFFERS A
36 GROUP HEALTH PLAN TO ITS EMPLOYEES OR MEMBERS.

37 Sec. 4. Title 44, chapter 11, article 10.1, Arizona Revised
38 Statutes, is amended by adding sections 44-1753 and 44-1754, to read:

39 44-1753. Prescription medications; ninety-day fill;
40 exceptions

41 A. A PLAN SPONSOR OR PHARMACY BENEFIT MANAGER MAY NOT PROHIBIT A
42 RETAIL PHARMACY IN ITS NETWORK FROM DISPENSING A NINETY-DAY FILL OF A
43 PRESCRIPTION MEDICATION PURSUANT TO ARIZONA STATE BOARD OF PHARMACY RULES
44 AND GUIDANCE IF EITHER:

Passed the House February 14, 20 19

Passed the Senate April 16, 20 19

by the following vote: 60 Ayes,
0 Nays, 0 Not Voting

by the following vote: 30 Ayes,
0 Nays, 0 Not Voting

[Signature]
Speaker of the House
 Pro Tempore

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this
_____ day of _____, 20____
at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of _____

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State
this _____ day of _____, 20____
at _____ o'clock _____ M.

Secretary of State

H.B. 2285

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 24, 20 19,

by the following vote: 58 Ayes,

0 Nays, 2 Not Voting

[Signature]
Speaker of the House

[Signature]
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

24th day of April, 20 19,

at 3:59 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 30th day of

April, 20 19,

at 4:16 o'clock P M.

[Signature]
Governor of Arizona

H.B. 2285

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 30 day of April, 20 19,

at 5:45 o'clock P M.

[Signature]
Secretary of State