State of Arkansas *As Engrossed: H3/18/25 H3/31/25 S4/7/25*
95th General Assembly **A Bill**
Regular Session, 2025 HOUSE BILL 1531

By: Representative Achor
By: Senator J. Boyd

For An Act To Be Entitled

AN ACT TO PROHIBIT PHARMACEUTICAL MANUFACTURERS FROM RESTRICTING OR LIMITING PRESCRIPTION MEDICATIONS TO A LIMITED DISTRIBUTION NETWORK OF OUT-OF-STATE PHARMACIES; AND FOR OTHER PURPOSES.

Subtitle

TO PROHIBIT PHARMACEUTICAL MANUFACTURERS FROM RESTRICTING OR LIMITING PRESCRIPTION MEDICATIONS TO A LIMITED DISTRIBUTION NETWORK OF OUT-OF-STATE PHARMACIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 20, Chapter 64, Subchapter 1, is amended to add an additional section to read as follows:

20-64-105. Pharmaceutical manufacturer limited distribution of medication — Legislative findings — Definitions.

(a) The General Assembly finds that:

(1) It is beneficial to this state to support patient access to prescription drugs and pharmacy services in a market that ensures that patients can access safe and effective prescription medications with same day access, as well as patient freedom of choice to utilize local trusted medication experts and state-based local pharmacists who support patients with advice and guidance for safe and effective use of these medications;

(2) It may cause harm to patients in this state when local pharmacies, clinics, and hospitals are unable to access prescription

medications from pharmaceutical manufacturers or pharmaceutical wholesalers due to out-of-state limited distribution to pharmacies utilizing:

(A) Pharmacy benefits manager-affiliated mail order pharmacies;

(B) Publicly traded corporation pharmacies;

(C) Pharmaceutical manufacturer-affiliated mail order pharmacies;

(D) Insurance company-affiliated mail order pharmacies; or

(E) Pharmaceutical wholesaler-affiliated mail order pharmacies;

(3) The reasons for the limited distribution networks by pharmaceutical manufacturers are not often disclosed or may not operate with optimal patient safety and same day patient access in mind;

(4) The supply chain that brings prescription medications from the pharmaceutical manufacturer to the pharmacy is often complex and lacks transparency; and

(5) Having more transparency and oversight concerning limited distribution medications would:

(A) Protect patients with better and more stable prescription drug inventory for both immediate and long-term patient care needs; and

(B) Better respond to future national security threats and natural disasters in this state.

(b) As used in this section:

(1) “Pharmaceutical manufacturer” means a business or entity that makes, processes, or packages prescription drugs, over-the-counter medications, or medical devices to sell in pharmacies or other healthcare facilities, including any activities that manipulate, test, or control the product or process;

(2) "Pharmaceutical manufacturer for Medicaid" means an entity or business that is engaged in manufacturing, preparing, propagating, compounding, processing, packaging, repackaging, or labeling of a prescription drug that is eligible in the Medicaid Drug Rebate Program or agrees to participate in the Medicaid Drug Rebate Program to pay a rebate to states for prescription drugs covered by the Arkansas Medicaid Program; and

(3) "State government and public plan sponsor" means an employer

sponsor of a health benefit plan for employees that is established or maintained by:

(A) The Arkansas Municipal League;

(B) A public two-year or four-year institution of higher education, including a community college or technical college;

(C) The Division of Arkansas State Police;

(D) A municipality;

(E) A county; or

(F) Any other plan or program that is funded by a state appropriation to furnish, cover the cost of, or otherwise provide for pharmacist services to an individual who resides in or is employed in this state.

(c)(1) A pharmaceutical manufacturer or a pharmaceutical manufacturer for Medicaid that expects for their prescription medications to be eligible, considered for payment, and covered in a state government and public plan sponsor for health benefit plans:

(A) Shall have an active wholesale distributor permit active and in good standing with the Arkansas State Board of Pharmacy under § 20-64-505; and

(B) Shall not restrict or limit prescription medications more than three (3) months after a launch of a new product to a limited distribution network of pharmacies without having similar *access and allowing for upon request or application by pharmacy at* least:

(i) A local network of public institution academic medical center access;

(ii) Geographic diversity of access within the *state;*

(iii) Diverse access for local for-profit and nonprofit pharmacies in good standing with the board and that have experience or accreditation in managing expensive specialty or limited distribution *medications; and*

(iv) The pharmacy meeting medication specific United States Food and Drug Administration guidance or requirements for:

(a) Proper and safe storage, handling, monitoring, and drug delivery;

(b) Patient or medication data collection, monitoring, or reporting; and

(c) Patient management services.

(2) Subdivision (c)(1) of this section does not apply to the State and Public School Life and Health Insurance Program.

(d)(1)(A) A pharmaceutical manufacturer or a pharmaceutical manufacturer for Medicaid that requests for restricted networks for six (6) months or longer shall present the request to the board to explain how the restriction will support and not hinder the mission of the board to promote, preserve, and protect the public health, safety, and welfare of citizens of this state.

(B) The request under subdivision (d)(1)(A) of this section shall not be effective until the request is approved by the board.

(2)(A) When considering the request under subdivision (d)(1)(A) of this section, the board may consider the following factors for a request of a limited network:

(i) Costs;

(ii) Logistics;

(iii) Patient caseload;

(iv) The rarity of the prescription drug that is *used;*

(v) The rarity of the disease or condition; and

(vi) Any other factors unique or relevant to the medication and disease or condition treated.

(B) The limited network shall allow some pharmacies in *this state, upon request or application, to* participate and access the medications to meet the needs of patients with same day access in this state without requiring patients to use out-of-state or in-state common mail carriers for access.

(3) The board may issue a temporary waiver or temporary limited use allowance for utilization, payment, or coverage of prescription drugs from a pharmaceutical manufacturer or a pharmaceutical manufacturer for Medicaid for coverage and payment for a state government and public plan sponsor for a health benefit plan to protect public health and access.

(4) A public hearing of the board shall be called as soon as possible to discuss and approve or deny any request for a permanent limited network or restriction relating to state-based Class A pharmacies with retail permits in good standing with the board.

(e) A state government and public plan sponsor for a health benefit plan shall not pay for prescription drugs from a pharmaceutical manufacturer or a pharmaceutical manufacturer for Medicaid who is noncompliant with this section unless the board has granted a temporary waiver or temporary *allowance to protect public health and access.*

(f) If a pharmaceutical manufacturer or a pharmaceutical manufacturer for Medicaid is not in compliance with this section, the board shall fine the pharmaceutical manufacturer or a pharmaceutical manufacturer for Medicaid ten thousand dollars ($10,000) per day of noncompliance.

SECTION 2. DO NOT CODIFY. SEVERABILITY CLAUSE. If any provision of this act or the application of this act to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this act which can be given effect without the invalid provision or application, and to this end, the provisions of this act are declared severable.

SECTION 3. DO NOT CODIFY. TEMPORARY LANGUAGE. Compliance date.

A pharmaceutical manufacturer or a pharmaceutical manufacturer for Medicaid shall be in compliance with this act on or before September 1, 2026.

/s/Achor