



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

Senate: FICO DPA 5-0-2-0 | 3rd Read DPA 27-0-3-0

House: RA DP 6-0-0-1

SB 1165: pharmacy audit; procedures; prohibition

Sponsor: Senator Shamp, LD 29

Caucus & COW

Overview

Outlines specified provisions that an auditing entity must comply with when conducting a wholesale invoice audit. Prohibits an auditing entity from retroactively reducing the amount of a claim payment unless specified criteria apply.

History

Statute outlines the procedures for in-person and desktop audits performed by an auditing entity working on behalf of an insurer or Pharmacy Benefits Manager (PBM) for the purposes of auditing drug claims adjudicated by pharmacies. The auditing entity must deliver a preliminary audit report to the pharmacy within 60 days after the conclusion of the audit. A pharmacy is allowed at least 30 days after receipt of the preliminary audit to provide documentation to address any discrepancy found in the audit. Unless otherwise required by state or federal law, audit information may not be shared with any entity other than the insurer on whose behalf the audit was conducted (A.R.S. § [20-3322](#), [20-3323](#)).

The Department of Insurance and Financial Institutions (DIFI) regulates and monitors insurance companies and professionals operating in Arizona to protect the public and help ensure that these entities follow Arizona and federal laws ([Ariz. Const. § 15-5](#)). Beginning January 1, 2025, PBMs must apply and pay a fee to DIFI for a valid certificate of authority to operate as a PBM who performs services for a health plan subject to state jurisdiction ([A.R.S. § 20-3333](#)). A PBM is a person, business or entity that manages the prescription drug coverage provided by a contracted insurer or other third-party payor. Responsibilities include the processing and payment of claims for prescription drugs, the performance of drug utilization review, the processing of drug prior authorization requests, the adjudication of appeals related to prescription drug coverage, contracting with network pharmacies and controlling the cost of covered prescription drugs ([A.R.S. § 20-3321](#)).

Provisions

1. Prohibits an auditing entity from conducting an audit on the pharmacy claims of another auditing entity when conducting a wholesale invoice audit. (Sec. 1)
2. Instructs an auditing entity to comply with the following provisions when conducting a wholesale invoice audit:
 - a) reverse a finding of discrepancy if the pharmacist or pharmacy dispensed the correct quantity of a drug according to the prescription and either of the specified circumstances apply;

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
--	--	---	--------------------------------------

- b) accept any of the specified documentation as a presumption of validity to support the pharmacy's claim related to the purchase of a dispensed drug; and
 - c) provide any supporting documentation that the pharmacy supplier provided to the auditing entity no later than 10 business days after receiving the pharmacy's request. (Sec. 1)
3. States that an auditing entity cannot, directly or indirectly, retroactively reduce the amount of a claim payment to a pharmacist or a pharmacy after adjudication of the claim for a prescription drug unless any of the specified circumstances apply. (Sec. 1)
 4. Clarifies that an auditing entity, insurer or PBM is not prohibited from increasing the amount of a claim payment after adjudication of the claim. (Sec. 1)
 5. Makes technical changes. (Sec. 1)