

MEMORANDUM

TO: Brett Bache, Chair of the Market Conduct Examinations Guidelines (D) Working Group

FROM: Joylynn Fix, Chair of the Pharmacy Benefit Management (D) Working Group

DATE: April 24, 2026

RE: Draft Pharmacy Benefit Manager Examination Chapter

Please find attached a draft Pharmacy Benefit Manager Examination Chapter to be considered for inclusion in the *Market Regulation Handbook*. On April 23, the Pharmacy Benefit Management (D) Working Group voted unanimously to refer the draft to the Market Conduct Examination Guidelines (D) Working Group for your consideration.

This draft chapter culminates over a year of work by the former Pharmacy Benefit Manager Regulatory Issues (B) Working Group and its successor group, the Pharmacy Benefit Management (D) Working Group, to complete an initial 2024 charge to “[a]s the subject matter experts (SMEs) and to promote uniformity across the states, while remaining sensitive to variation in state approaches, develop a chapter for inclusion in the *Market Regulation Handbook* establishing examination standards for PBMs and related regulated entities for referral and consideration by the Market Conduct Examination Guidelines (D) Working Group.” This charge was amended in 2025 and carried over to the Pharmacy Benefit Management (D) Working Group in 2025 to “develop examination standards for pharmacy benefit managers (PBMs) and related regulated entities for inclusion in the NAIC Market Regulation Handbook, which will provide consistent guidance and ensure more predictable and fair market regulation.”

The draft chapter provides a suggested format for states to consider when conducting pharmacy benefit manager (PBM) market conduct examinations. It includes the following examination standards that may be applicable to specific functions performed by a PBM: 1) PBM Operations/Management; 2) PBM Pricing and Methodologies; 3) Contracts; 4) Pharmacy Claims; 5) Pharmaceutical Manufacturer Rebates; 6) Pharmacy Network Adequacy; 7) Utilization Review; 8) Drug Formulary, Placement, and Specialty Drug; 9) Complaints, Grievances, and Appeals; and 10) Pharmacy Audits.

If you have any questions about the draft, please contact me or NAIC Committee support, Jolie Matthews.