

ASSEMBLY, No. 5737

STATE OF NEW JERSEY 222nd LEGISLATURE

INTRODUCED OCTOBER 29, 2026

Sponsored by:

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

SYNOPSIS

Requires DOBI to conduct audits of payments made by pharmaceutical manufacturers to pharmacy benefits managers and affiliates.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning audits of payments made by pharmaceutical
2 manufacturers to pharmacy benefits managers and supplementing
3 P.L.2023, c.107 (C.17B:27F-1 et seq.).
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*
7

8 1. a. The Department of Banking and Insurance shall conduct
9 audits of all compensation paid to pharmacy benefits managers and
10 affiliates thereof from pharmaceutical manufacturers, with the cost
11 of the audit to be paid by the pharmacy benefits manager being
12 audited. Upon notification from the department of an audit, a
13 pharmacy benefits manager shall have 30 days to provide all
14 documentation requested. The commissioner shall determine the
15 number of audits to be conducted each year and the time period of
16 review for each audit, except that an audit time period shall not
17 exceed one calendar year in duration.

18 b. An audit conducted pursuant to this section shall include, but
19 not be limited to, a review of the following:

20 (1) any compensation provided by a pharmaceutical
21 manufacturer to a pharmacy benefits manager within the timeframe
22 specified;

23 (2) the involvement of any group purchasing organization in the
24 negotiation of compensation between a pharmaceutical
25 manufacturer and a pharmacy benefits manager; and

26 (3) any additional information deemed relevant and appropriate
27 by the commissioner.

28 c. A pharmacy benefits manager that fails to submit the
29 required documentation in a timely manner shall be subject to a
30 civil administrative penalty in an amount not less than \$1,000 nor
31 more than \$10,000 for each day the pharmacy benefits manager is
32 in violation of this act. The penalty may be recovered in a summary
33 proceeding pursuant to the "Penalty Enforcement Law of 1999,"
34 P.L.1999, c.274 (C.2A:58-10 et seq.). d. As used in this
35 section:

36 "Compensation" means any direct or indirect financial benefit,
37 including, but not limited to, rebates, discounts, credits, fees, grants,
38 chargebacks or other payments or benefits of any kind, that is
39 attributed to, directly or indirectly, the utilization of a health
40 benefits plan or enrollment in a health benefits plan, regardless of
41 how the benefits are otherwise characterized by a pharmacy benefits
42 manager and relevant third parties.

43 "Group purchasing organization" means an entity that combines
44 the purchasing volume of multiple businesses or healthcare
45 providers to negotiate prices and contract terms with manufacturers,
46 distributors, and vendors. "Group purchasing organization" shall
47 include rebate aggregators, which negotiate rebates with drug

1 manufacturers on behalf of the pharmacy benefits managers and
2 hold the contracts that govern those rebates.

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4 2. This act shall take effect on the first day of the fourth month
5 next following enactment, except that the Commissioner of Banking
6 and Insurance may take any anticipatory administrative action in
7 advance as shall be necessary for the implementation of this act.

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10 STATEMENT

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12 This bill requires the Department of Banking and Insurance to
13 conduct audits of all compensation paid to pharmacy benefits
14 managers and affiliates thereof from pharmaceutical manufacturers,
15 with the cost of the audit to be paid by pharmacy benefits manager
16 being audited. The bill provides that a pharmacy benefits manager
17 will have 30 days to provide all documentation requested upon
18 notification from the department of an audit. The commissioner is
19 required to determine the time period of review for each audit,
20 except that an audit time period may not exceed one calendar year
21 in duration, and the amount of audits conducted each year by the
22 department.

23 The bill requires the audit to include, but not be limited to, a
24 review of the following:

25 (1) any compensation provided by a pharmaceutical
26 manufacturer to a pharmacy benefits manager within the timeframe
27 specified;

28 (2) the involvement of any group purchasing organization,
29 including any rebate aggregator, in the negotiation of compensation
30 between a pharmaceutical manufacturer and a pharmacy benefits
31 manager; and

32 (3) any additional information deemed relevant and appropriate
33 by the commissioner.

34 Under the bill, a pharmacy benefits manager that fails to submit
35 the required documentation in a timely manner will be subject to a
36 civil administrative penalty in an amount not less than \$1,000 nor
37 more than \$10,000 for each day the pharmacy benefits manager is
38 in violation of the bill's provisions. The bill defines "compensation"
39 to mean any direct or indirect financial benefit, including, but not
40 limited to, rebates, discounts, credits, fees, grants, chargebacks or
41 other payments or benefits of any kind, that is attributed to, directly
42 or indirectly, the utilization of a health benefits plan or enrollment
43 in a health benefits plan, regardless of how the benefits are
44 otherwise characterized by a pharmacy benefits manager and
45 relevant third parties.