BEFORE THE COMMISSIONER OF
THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE

TENNESSEE INSURANCE DIVISION,	)	
	)	
Petitioner,	)	
	)	
vs.	)	**TID No.: 26-07**
	)	
	)	
OPTUMRX, INC.	)	
	)	
Respondent.	)	
	)	

CONSENT ORDER

WHEREAS, Petitioner, the Insurance Division of the Tennessee Department of Commerce and Insurance ("Division") and OptumRx, Inc. ("Respondent") hereby stipulate and agree, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner"), as follows:

GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order ("Order") is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry and execution of the Commissioner.

2. This Order is executed by the Respondent for the purpose of compromise and avoiding litigation and further administrative action with respect to this cause, despite the Respondent's continued disagreement with some of the noted violations. Furthermore, should this

Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Order by the Commissioner shall not unfairly or illegally prejudice either the Commissioner or the Respondent from further participation or resolution of these proceedings.

3. The Respondent fully understands that this Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts or omissions not addressed in this Order or for facts or omissions that do not arise from the facts or transactions herein addressed. The Respondent reserves all rights and arguments as to any such additional proceedings.

4. The Respondent expressly waives all further procedural steps and expressly waives all rights to seek judicial review of or to otherwise challenge or contest the validity of this Order, the General Stipulations and imposition of discipline contained herein, and the consideration and entry and execution of said Order by the Commissioner.

AUTHORITY AND JURISDICTION

5. The Commissioner has jurisdiction over this matter pursuant to Title 56 of the Tennessee Code Annotated ("Tenn. Code Ann."), specifically Tenn. Code Ann. §§ 56-2-305 and 56-7-3101, and Tenn. Comp. R. & Regs. 0780-01-95 (the "Law"). The Law places on the Commissioner the responsibility of the administration of its provisions.

PARTIES

6. The Division is the lawful agent through which the Commissioner administers the Law and is authorized to bring this action for the protection of the public.

7. The Respondent is a pharmacy benefits manager ("PBM"") doing business in the State of Tennessee. The Respondent (License #3) has the authority to administer the medication or device portion of pharmacy benefits coverage provided by a covered entity or otherwise act as a PBM in the State of Tennessee pursuant to Tenn. Code Ann. § 56-7-3113.

FINDINGS OF FACT

8. The Division conducted an audit of the Respondent as of December 31, 2024, to determine the Respondent's compliance with Tenn. Code Ann. Title 56, Chapter 7, Parts 31 and 32; Tenn. Comp. R. & Regs. 0780-01-95; and Tenn. Code Ann. Title 56, Chapter 8, Part 1.

9. On December 23, 2025, the auditor-in-charge filed a verified, written report on the audit with the Division (the "December Report").

10. On January 22, 2026, the Division received a response regarding the February report from the Respondent.

11. On February 6, 2026, the Division reviewed the Respondent's response, modified the February Report after consideration of the Respondent's response to correct typographical errors in the December Report, and issued an amended audit report, titled Report on Audit of OptumRx, Inc. (occasionally referred to in this Consent Order as the "Final Report").

12. In the Final Report, the auditor-in-charge identified eighteen (18) distinct violations of Tennessee law committed by the Respondent based on the auditor's review of the Respondent's business activities. *See* Report on Audit of OptumRx, Inc., pp. 4-17.

13. The Final Report regarding the affairs of the Respondent was adopted with modifications by the Commissioner on March 11, 2026, via an Order Adopting Report on Audit (the "Audit Order"). The Audit Order contained the following eighteen (18) directives:

a. The Company failed to comply with Tenn. Code Ann. § 56-7-3118(d) when engaging in a practice of reimbursing non-affiliated pharmacies in the State of Tennessee less than the amount that the pharmacy benefit manager reimburses its affiliate pharmacies for the same drug or dispensed product.

b. The Company failed to comply with Tenn. Comp. R. & Regs. 0780-01-95-.04(6) requiring that when a PBM denies a pharmacy's initial appeal, the PBM must provide the pharmacy with written notice that includes a statement of denial and a summary explaining the basis for the decision.

c. The Company did not comply with Tenn. Code Ann. § 56-7-3206(c)(2)(B)(ii) requiring that a PBM's initial appeals process comply with the timing and notice standards outlined in Tenn. Code Ann. § 56-7-3108(c), which mandate that pharmacies be allowed to file an initial appeal within seven business days of submitting the original claim for reimbursement for a drug, medical product, or device.

d. The Company failed to allow a challenging pharmacy to reverse and rebill the claim upon which the appeal is based, when the pharmacy prevailed in an appeal, the Company was not in compliance.

e. The Company failed to reimburse the pharmacy at least the actual cost to that pharmacy for the prescription drug or device upon resolution of an initial appeal in favor of the appealing pharmacy.

f. The Company did not comply with Tenn. Code Ann. § 56-7-3206(c)(3)(A)(vi) when applying the findings from an initial appeal as to the rate of reimbursement and actual cost for the particular drug or medical product or device to other similarly situated pharmacies, similarly, situated pharmacies were underpaid for the products dispensed.

g. The Company failed to reimburse a pharmacy that prevails in an appeal at least the actual cost for the prescription drug or device within seven business days after notice of the appeal is received by the pharmacy benefits manager.

h. The Company failed to reimburse the pharmacy at least the actual cost for the prescription drug or device within fifteen business days after notice of the appeal is received by the pharmacy benefits manager and after the pharmacy has failed to reverse and rebill the affected claim.

i. The Company failed to provide the Department with proof that it reimbursed the pharmacy at least its actual cost for the drug or medical product within seven business days of issuing the payment to the pharmacy.

j. The Company did not comply with Tenn. Code Ann. § 56-7-3103(a)(9) when initiating a pharmacy audit during the first seven (7) calendar days of the month.

k. The Company failed to deliver preliminary and final audit reports to audited pharmacies within the required time frames.

l. The Company did not comply with Tenn. Code Ann. § 56-7-3103(a)(7) when requiring pharmacies to respond in less than thirty (30) calendar days, following receipt of the preliminary audit report.

m. The Company did not comply with Tenn. Code Ann. § 56-7-3103(a)(3) using clerical or recordkeeping errors as the sole basis of recoupment in instances where the error did not result in overpayment or the wrong medication being dispensed to the patient.

n. The Company did not comply with Tenn. Code Ann. § 56-7-3103(i) when recouping amounts greater than the cost of the excess quantities dispensed, as reflected in the original claims.

o. The Company did not comply with Tenn. Code Ann. § 56-7-3103(d) when requiring pharmacies to submit documentation beyond what is legally defined as a valid prescription under Tennessee law to validate claims submitted for reimbursement for dispensing of original and refill prescriptions, or changes made to prescriptions.

p. The Company failed to provide the required contact information and did not provide all pharmacies with the opportunity to appeal an unfavorable preliminary audit report.

q. The Company did not comply with Tenn. Code Ann. § 56-7-3103(a)(8) by conducting an audit covering a period greater than two (2) years from the date the claim was submitted or adjudicated.

r. The Company failed to provide complete and timely responses to requests for external appeals data and proof of payment following successful initial and external appeals.

CONCLUSIONS OF LAW

14. At all times relevant hereto, Tenn. Code Ann. § 56-7-3101(a) has provided:

(a) Pharmacy benefits managers shall, and contracts for pharmacy benefits management must, comply with the requirements of this part.

15. At all times relevant hereto, Tenn. Code Ann. § 56-7-3101 (b)(1)(A) has provided:

(b)(1) The commissioner of commerce and insurance shall promulgate rules to effectuate the purposes of this part and part 32 of this chapter, including, but not limited to, rules to:

> (A) Implement pharmacy benefits manager audits that are necessary to ensure compliance with this part and part 32 of this chapter; provided, such audits must not occur more than once every three (3) years unless the commissioner determines there is a need to investigate the financial condition of or legality of conduct by a pharmacy benefits manager[.]

16. At all times relevant hereto, Tenn. Code Ann. § 56-7-3103(a)(3) has provided:

(a) When an audit of records of a pharmacist or pharmacy is conducted by a covered entity, a pharmacy benefits manager, the state or its political subdivisions, or any other entity representing the same, it shall be conducted in the following manner:

[…]

(3) Any clerical or recordkeeping error identified during an audit, such as a typographical error, scrivener's error, omission, or computer error, does not, in and of itself, constitute fraud or intentional misrepresentation and must not be the basis of a recoupment unless the error results in an actual overpayment to the pharmacy or the wrong medication being dispensed to the patient. Notwithstanding any other law to the contrary, no such claim is subject to criminal penalties without proof of intent to commit fraud;

17. At all times relevant hereto, Tenn. Code Ann. § 56-7-3103(a)(7) has provided:

[…]

(7) A pharmacist or pharmacy must be allowed the length of time described in the pharmacist's or pharmacy's contract or provider manual, whichever is applicable, which must not be less than thirty (30) days, following receipt of the preliminary audit report in which to produce documentation to address any discrepancy found during an audit. A pharmacist or pharmacy may correct a clerical or recordkeeping error by submitting an amended claim during the designated time frame if the prescription was dispensed according to the requirements of state and federal law. If the pharmacist's or pharmacy's contract or provider manual does not specify the allowed length of time for the pharmacist or pharmacy to address any discrepancy found in the audit following receipt of the preliminary report, then that pharmacist or pharmacy must be allowed no less than thirty (30) days following receipt of the preliminary audit report to respond and produce documentation;

18. At all times relevant hereto, Tenn code Ann. § 56-7-3103(a)(8) has provided:

[…]

(8) The period covered by an audit may not exceed two (2) years from the date the claim was submitted to or adjudicated by a covered entity, a pharmacy benefits manager, the state or its political subdivisions, or any other entity representing the same, except this subdivision (a)(8) shall not apply where a longer period is required by any federal rule or law[.]

19. At all times relevant hereto, Tenn code Ann. § 56-7-3103(a)(9) has provided:

[…]

(9) An audit shall not be initiated or scheduled during the first seven (7) calendar days of any month due to the high volume of prescriptions filled that time, unless otherwise consented to by the pharmacist or pharmacy;

20. At all times relevant hereto, Tenn. Code Ann. § 56-7-3103(a)(10) has provided:

[…]

(10) The preliminary audit report must be delivered to the pharmacist or pharmacy within one hundred twenty (120) days after conclusion of the audit. A final audit report shall be delivered to the pharmacist or pharmacy within six (6) months after receipt of the preliminary audit report or final appeal, whichever is later;

21. At all times relevant hereto, Tenn. Code Ann. § 56-7-3103(c) has provided:

(c) Each pharmacy benefits manager, as defined in § 56-7-3102, conducting an audit shall establish an appeals process under which a pharmacist or pharmacy may appeal an unfavorable preliminary audit report to the pharmacy benefits manager on whose behalf the audit was conducted. The pharmacy benefits manager conducting any audit shall provide to the pharmacist or pharmacy, before or at the time of delivery of the preliminary audit report, a written explanation of the appeals process, including the name, address and telephone number of the person to whom an appeal should be addressed. If, following the appeal, it is determined that an unfavorable audit report or any portion of the audit report is unsubstantiated, the audit report or the portion shall be dismissed without the necessity of further proceedings.

22. At all times relevant hereto, Tenn. Code Ann. § 56-7-3103(d) has provided:

(d) A pharmacy provider may use any prescription that meets the requirements of being a legal prescription as defined by applicable Tennessee law to validate claims submitted for reimbursement for dispensing of original and refill prescriptions, or changes made to prescriptions.

23. At all times relevant hereto, Tenn. Code Ann. § 56-7-3103(i) has provided:

(i) In the event the actual quantity dispensed on a valid prescription for a covered beneficiary exceeds the allowable maximum days supply of the product as defined in the applicable pharmacy benefit provider agreement, the amount allowed to be recouped, repaid or offset against future reimbursement shall be limited to an amount that is calculated based on the quantity of the product dispensed found to be in excess of the allowed days supply quantity and using the cost of the product as reflected on the original claim.

24. At all times relevant hereto, Tenn. Code Ann. § 56-7-3118(d) has provided:

(d) A covered entity or pharmacy benefits manager shall not engage in a pattern or practice of reimbursing pharmacies or pharmacists in this state less than the amount that the pharmacy benefits manager reimburses a pharmacy benefits manager affiliate for providing the same drug or dispensed product or service.

25. At all times relevant hereto, Tenn. Code Ann. § 56-7-3206(c)(2)(B)(ii) has provided:

(c)(2)(B) A covered entity's or pharmacy benefits manager's appeals process established pursuant to subdivision (c)(2)(A) must:

[…]

(ii) Comply with the timing and notice requirements of § 56-7-3108 and such other requirements as the commissioner of commerce and insurance may establish by rule[.]

26. At all times relevant hereto, Tenn. Code Ann. § 56-7-3206(c)(3)(A)(iii) has provided:

(c)(3)(A) If a pharmacy or agent acting on behalf of a pharmacy prevails in an appeal provided for in this subsection (c), then within seven (7) business days after notice of the appeal is received by the pharmacy benefits manager or covered entity, the pharmacy benefits manager or covered entity shall:

[…]

(iii) Permit the challenging pharmacy to reverse and rebill the claim upon which the appeal is based;

[…]

(v) Reimburse the pharmacy at least the pharmacy's actual cost for the prescription drug or device; and

(vi) Apply the findings from the appeal as to the rate of reimbursement and actual cost for the particular drug or medical product or device to other similarly situated pharmacies.

27. At all times relevant hereto, Tenn. Comp. R. & Regs. 0780-01-95-.04(6) has provided:

(6) If a pharmacy's initial appeal is resolved against the appealing pharmacy, the PBM shall provide the pharmacy the following in writing:

(a) A statement the initial appeal is denied, along with a summary outlining the basis for its decision;

(b) If applicable, evidence the PBM has adjusted the challenged rate of reimbursement;

(c) If applicable, detailed instructions for how to reverse and rebill the claim upon which the initial appeal is based;

(d) If applicable, written notification the PBM has issued payment to the pharmacy showing the exact amount of the payment; and

(e) Instructions on how to make an external appeal of the PBM's decision to the Commissioner by:

1. Explaining how to submit an appeal, including the appropriate phone number or website address for the Department where appeals are accepted. Each PBM shall be responsible for ensuring the information provided to pharmacies pursuant to this part 1. is accurate; and

2. Including the following statement:

Pursuant to T.C.A. § 56-7-3206(g)(2), you have the right to appeal this decision to the Commissioner of the Tennessee Department of Commerce and Insurance.

28. At all times relevant hereto, Tenn. Comp. R. & Regs. 0780-01-95-.04(7)(b) has provided:

[…]

(b) If the appealing pharmacy fails to reverse and rebill its claim pursuant to subparagraph (a), the PBM shall adjust the rate of reimbursement and make the payment(s) no later than fifteen business days after the PBM receives notice of the initial appeal.

29. At all times relevant hereto, Tenn. Comp. R. & Regs. 0780-01-95-.06(9) has provided:

(9) If a PBM is required to pay a pharmacy any additional money upon resolution of an appeal pursuant to this rule, the PBM shall make such payment within seven business days of receipt of the Commissioner's written notice issued pursuant to paragraph (8) of this rule. The PBM shall also provide the Department with proof the PBM has reimbursed the pharmacy at least its actual cost for the prescription drug or medical

product or device at issue, including a statement of the additional amount paid to the pharmacy, within seven business days of issuing the payment to the pharmacy.

30. At all times relevant hereto, Tenn. Comp. R. & Regs. 0780-01-95-.11(2) has provided:

> (2) The Commissioner shall have, and a PBM shall provide the Commissioner, convenient and free access to all books, records, securities, documents, and any and all files relating to the PBM's property, assets, business, and affairs any time the Commissioner determines it is necessary. The officers, directors, employees, and agents of the PBM shall facilitate and aid in the audit so far as it is in their power to do so.

31. The facts presented, which were discovered in the December audit and set forth in the Final Report, demonstrate that the Company violated the aforementioned laws within Paragraphs 8 through 30. The Respondent disputes that contention.

ORDER

IT IS THEREFORE ORDERED, pursuant to Tenn. Code Ann. § 56-2-305, that the Respondent pay a **CIVIL PENALTY** in the amount of two hundred fifty thousand dollars ($250,000) for the Respondent's violations of Tennessee law as outlined above.

IT IS FURTHER ORDERED that, in addition to the payment of the civil penalty assessed above, the Respondent shall **CEASE AND DESIST** any activity that is a violation of any of the eighteen (18) directives identified by the Audit Order and restated in Paragraph 13 of this Order.

IT IS FURTHER ORDERED that this Order represents a full settlement and release of all violations by the Respondent outlined in paragraphs 14 through 30 above that were identified during the Division's audit of the Respondent and that occurred during the relevant audit period. The Division shall not seek additional sanctions for violations of the aforementioned laws and rules stemming from conduct that occurred during the relevant audit period and that was identified in the Division's Final Report and Audit Order. However, this settlement and release does not apply to violations that occurred during the relevant audit period that would have been discovered

during the audit if the Respondent had provided the Division with information that the Respondent was legally required to disclose to the Division during the audit but failed to do so. This settlement and release does not limit Respondent's rights, defenses, and arguments with respect to any conduct, transaction, or future agency action not identified in the Division's Final Report or addressed in this Order.

The first page of this Order must accompany payment of the civil penalty for reference. Payment of the civil penalty shall be made within thirty (30) days of the date this Order is executed by the Commissioner, and payment must be mailed to the following address:

State of Tennessee
Department of Commerce and Insurance
Legal Division
Attn: Elliott G. Webb
Davy Crockett Tower, 12th Floor
500 James Robertson Parkway
Nashville, TN 37243

This Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original signatures and facsimile or electronic copies shall be deemed to constitute duplicate originals.

This Order is in the public interest and in the best interests of the parties, represents a compromise and settlement of the controversy between the parties, and is for settlement purposes only. By the signatures affixed below, the Respondent affirmatively states that it has freely agreed to the entry and execution of this Order, that it waives the right to a hearing on the matters underlying this Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made to it by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing the Order, affirmatively

state their agreement to be bound by the terms of this Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement as set forth in this Order, are binding upon them.

ENTERED AND EXECUTED on _____, 2026.

_____
Carter Lawrence, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY AND EXECUTION:

_____
Scott McAnally
Assistant Commissioner for Insurance
Tennessee Department of Commerce and Insurance

_____
OptumRx, Inc.
Name: _____
Title: _____

RESPECTFULLY SUBMITTED:

_____
Elliott Webb (BPR# 038472)
Chief Counsel for Insurance and TennCare Oversight
Department of Commerce and Insurance
Davy Crockett Tower, 12th Floor
500 James Robertson Parkway
Nashville, Tennessee 37243
(615) 532-3846
Elliott.Webb@tn.gov

The original document, signed and dated August 10, 2026, is available upon request.