State PBM Reform Inventory

Updated October 2026

South Dakota

Issue	Summary	Citation
Licensing/Registration	A PBM must obtain a license to operate as a third-party administrator from the Director of Insurance. A PBM shall apply in a form furnished by the director along with a fee of $500.	S.D. Code Ann. § 58-29E-2
Reporting Requirements	A third-party payor may request that a PBM disclose the amount of all rebate revenues and the nature, type, and amounts of all other revenues that the PBM receives from each pharmaceutical manufacturer. Annually, at the time of contract renewal, the PBM shall disclose in writing: • The aggregate amount, and for a list of drugs to be specified in the contract, the specific amount, of all rebates and other retrospective utilization discounts that are received by the PBM, directly or indirectly, from each pharmaceutical manufacturer, and which are earned in connection with the dispensing of prescription drugs to covered individuals of the health benefit plans issued by the third- party payor or for which the third-party payor is the designated administrator; • The nature, type, and amount of all other revenue received by the PBM, directly or indirectly, from each pharmaceutical manufacturer, for any other products or services, provided to the pharmaceutical manufacturer by the PBM, with respect to programs that the third-party payor offers or provides to its covered individuals; and • Any prescription drug utilization information requested by the third- party payor and relating to covered individuals. A third-party payor that has contracted with a licensed PBM may audit the PBM once each calendar year. As part of the audit, a third-party payor may request: • All reimbursements paid to retail pharmacies, on a claim level, for all customers of the PBM in this state, including ancillary charges, claw backs, dispensing fees, drug-specific reimbursements, other fees, rebates, and reimbursement adjustments;	S.D. Code Ann. § 58-29E-4; S.D. Code Ann. § 58-29E-7; S.D. Code Ann. § 58-29E-20

	• Differences in reimbursement amounts paid to affiliated and unaffiliated pharmacies, including differences in dispensing fees and reimbursed ingredient costs;
	• Historical claims data, including:
	  ○ Acquisition costs;
	  ○ Administrative fees associated with claims;
	  ○ Amounts paid by a covered individual;
	  ○ Amounts paid by a third-party payor;
	  ○ Channels, whether mail or retail;
	  ○ Dispensing fees;
	  Formulary tiers;
	  ○ Ingredient costs;
	  ○ Ingredient quantity;
	  ○ Sales tax;
	  ○ Supply availability by the number of days; and
	  ○ Usual and customary prices; and
	• Aggregate rebate amounts, received by calendar quarter, directly or indirectly from manufacturers, including rebates from other entities affiliated with or related to the PBM, if those entities negotiate or contract with manufacturers.
	
	At the request of the Division of Insurance, a licensed PBM shall provide:
	• The amount charged or claimed by the PBM, in a format that allows the division to identify all instances of spread pricing; and
	• Information regarding a shared ownership interest by any person defined in § 58-29E-1.	

PBM Income	N/A	
Pharmacy Contracting	**MAC Pricing:** Prior to placing a prescription drug on a MAC list, a PBM shall ensure that the prescription drug is: • Listed as therapeutically and pharmaceutically equivalent in the latest edition of, or any supplement to, the FDA's publication entitled Approved Drug Products with Therapeutic Equivalence Evaluations, as adopted by the State Board of Pharmacy; • Not obsolete or temporarily unavailable; and • Available for purchase, without limitation, by every pharmacy in this state, from a national or regional wholesale distributor licensed in this state.	S.D. Code Ann. § 58-29E-17; S.D. Code Ann. § 58-29E-18; S.D. Code Ann. § 58-29E-19

	A PBM shall: • Provide each pharmacy in a pharmacy network with reasonable access to each MAC list to which the pharmacy is subject; • Update a MAC list within 7 calendar days from the date of any increase above 10% in the price charged for a prescription drug on the list by one or more wholesale distributors doing business in this state; • Update the MAC list within 7 calendar days from the date of any change in the methodology, or any change in the value of a variable applied in the methodology, on which the MAC list is based; and • Provide a process under which each pharmacy in a pharmacy network may receive prompt notice of any change in a MAC list applicable to the pharmacy. **Patient Steering:** A PBM may not reimburse any pharmacy located in this state an amount that is less than that which the PBM reimburses a PBM affiliate for dispensing the same prescription drug as that dispensed by the pharmacy.	
Patient Cost-Sharing	**Maximum Cost-Sharing Levels:** A PBM may not require a pharmacy that is a participating provider in a health benefit plan to charge a covered individual a cost share for a prescription drug or pharmacy service that exceeds the amount retained by the pharmacist or pharmacy from all payment sources, for filling the prescription or providing the pharmacy service.	S.D. Code Ann. § 58-29E-12