



**STATE OF TENNESSEE**  
**DEPARTMENT OF COMMERCE AND INSURANCE**

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**REPORT ON AUDIT**  
**OF**  
**OPTUMRX, INC.**  
**EDEN PRAIRIE, MINNESOTA**

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**FOR THE YEAR ENDED**  
**DECEMBER 31, 2024**

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EDEN PRAIRIE, MN  
January 22, 2026

Honorable Carter Lawrence  
Commissioner  
Tennessee Department of Commerce and Insurance  
500 James Robertson Parkway  
Nashville, Tennessee 37243

Dear Commissioner:

In accordance with your instructions and pursuant to Tennessee Code Annotated (“Tenn. Code Ann.”) § 56-7-3101 and Tenn. Comp. R. & Regs. § 0780-01-95-.11, a statutory audit, as of December 31, 2024, has been made of the condition and affairs of:

**OptumRx, Inc.**  
1 Optum Circle  
Eden Prairie, MN 55344

Hereinafter referred to as “Optum” or the “Company” and a report thereon is submitted as follows:

## **INTRODUCTION**

This audit was arranged by the Tennessee Department of Commerce and Insurance (“TDCI”) or (the “Department”) and was conducted by duly authorized representatives of the Department.

## **SCOPE OF AUDIT**

This is the Department’s first audit of the Company. This audit covered the period of January 1, 2024, through December 31, 2024, and included any material transactions and/or events occurring subsequent to the audit date, which were noted during the course of the audit.

The audit was conducted in accordance with rules and procedures as prescribed by the statutes of the State of Tennessee, and in accordance with the *NAIC Market Regulation Handbook* (the “Handbook”), as deemed appropriate. The audit was planned and performed to evaluate the Company’s compliance with Tennessee statutes and regulations, as of December 31, 2024.

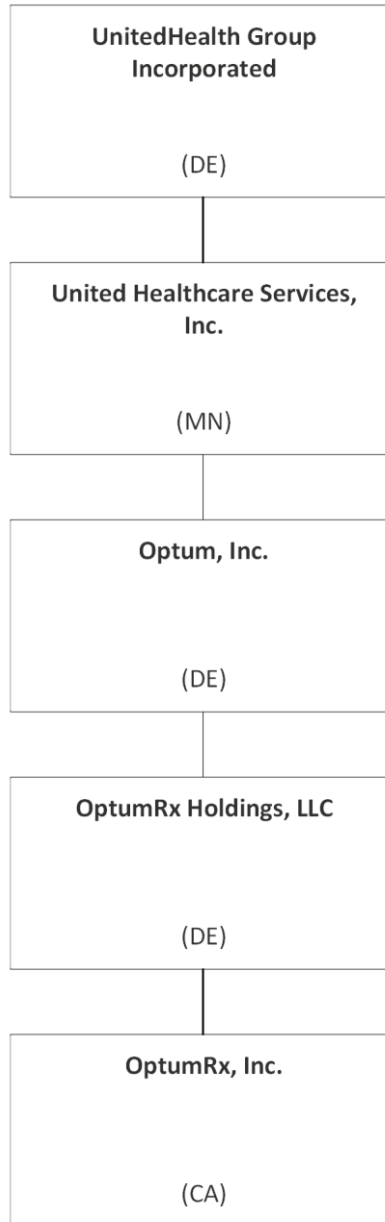
## COMPANY HISTORY

**OptumRx, Inc.** was formed as Prescription Solutions in 1989 operating as internal pharmacy benefit management services at PacifiCare Health Systems, Inc. The entity then went through the following changes.

- Became a subsidiary of UnitedHealth Group as part of the acquisition of PacifiCare Health Systems in 2005.
- OptumRx administrates Medicare Part D services on behalf of Optum Insurance of Ohio, Inc. Optum Insurance of Ohio, Inc. and OptumRx, Inc. are subsidiaries of OptumRx Holdings, LLC.
- Expanded program and service offering through the UnitedHealth Group acquisition of Fiserv's health-related businesses, including Innoviant, Fiserv's pharmacy benefit management division in 2008.
- Changed name to OptumRx, Inc. and became a part of Optum, a UnitedHealth Group health services business in 2011.
- Acquired Catamaran, a pharmacy benefit manager ("PBM"), making the Company the nation's third largest pharmacy benefit manager in 2015.
- Acquired AxelaCare Health Solutions (now Optum Infusion Pharmacy), a leading provider of home infusion solutions in 2015.
- Acquired Avella (now Optum Specialty Pharmacy), an oncology-focused, national specialty pharmacy in 2018.
- Acquired Genoa Healthcare, a provider of pharmacy, telepsychiatry, and medication management services in 2018.
- UnitedHealth Group acquired Diplomat, a provider of specialty pharmacy, infusion services and PBM solutions in 2020. Diplomat's PBM, CastiaRx, became part of OptumRx, and Diplomat's specialty and infusion pharmacies joined the Optum family of pharmacies.

**Organizational Chart**

A simplified organizational chart reflecting the Ultimate Controlling Party (“UCP”) is represented below. Unless otherwise indicated, all subsidiaries are one hundred percent (100%) owned:



## PBM OPERATIONS AND FINDINGS

A statutory audit was conducted of the Company as of December 31, 2024, addressing the following areas:

### **Dispensing Fee**

Tenn. Comp. R. & Regs. 0780-01-95-.10 requires that a PBM pay an enhanced dispensing fee to pharmacies that submit a certification to the PBM that it qualifies as a low-volume pharmacy as defined by Tenn. Code Ann. § 56-7-3206(f).

Testwork was completed to determine whether qualifying low-volume pharmacies were timely paid an enhanced dispensing fee as set forth in Tenn. Code Ann. § 56-7-3206(f) and Tenn. Comp. R. & Regs. 0780-01-95-.10. Auditors reviewed a sample of claims from pharmacies designated by the PBM as low-volume, where the dispensing fee paid was below the required enhanced rate.

PBM policies and procedures related to low-volume pharmacy claim reimbursements were reviewed to determine compliance with Tenn. Code Ann. § 56-7-3206(f) and Tenn. Comp. R. & Regs. 0780-01-95-.10.

*No instances of noncompliance by the Company with Tenn. Code Ann. § 56-7-3206(f) and Tenn. Comp. R. & Regs. 0780-01-95-.10 were noted, but the auditors are aware that the Company failed to provide all self-insured commercial claims for the audit period. Note that any testwork related to low-volume pharmacy enhanced dispensing fees did not include all claims within the scope of the audit.*

### **Fair Reimbursement**

Testwork was completed to determine whether the Company engaged in a pattern or practice of reimbursing pharmacies or pharmacists in this state less than the amount that the PBM reimburses a PBM affiliate for providing the same drug or dispensed product or service as set forth in Tenn. Code Ann. § 56-7-3118(d).

*The auditors are aware that the Company failed to provide all self-insured commercial claims for the audit period. Note that any testwork and findings related to fair reimbursement did not include all claims within scope.*

### **Finding #1**

The Company did not 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. The Company used reimbursement practices that led to higher payments for prescription medications dispensed at the PBM-affiliated mail order and specialty pharmacies than compared to the non-affiliated Tennessee pharmacies.

The auditor used price per unit (“PPU”) when assessing the Company’s payment and/or reimbursement for each drug and dosage to specific pharmacies. Auditors identified 1080 unique dosages of medications/products filled by both the affiliated and non-affiliated pharmacies within Quarter 1 of 2024. For 59 (5.5%) of those medications/products, the maximum reimbursement rate paid to affiliate pharmacies exceeded the maximum reimbursement rate paid to non-affiliate pharmacies.

The table below highlights instances where several medications and/or products were filled by both affiliate and non-affiliate pharmacies within a short timeframe during the quarter, often on the same day, reflecting comparable market conditions. The claims noted in the table show that the Company reimbursed its affiliate pharmacies at higher rates than non-affiliates for the same drugs. While not exhaustive, the table demonstrates the Company engaged in a prohibited practice of reimbursing its affiliates more for a prescription drug or dispensed product than non-affiliates.

Amantadine Tab 100mg	2/6/2024	2/6/2024	72.60%
Amitriptyline Tab 75mg	1/29/2024	1/28/2024	77.08%
Benlysta Inj. 200mg/ml	1/23/2024	1/26/2024	6.27%
Cosentyx Pen Inj. 300dose	3/20/2024	3/20/2024	2.44%
Dalfampridine Tab 10mg ER	3/7/2024	3/6/2024	79.19%
Duloxetine Cap 40mg	1/29/2024	1/29/2024	21.36%
Enbrel Srclk Inj. 50mg/ml	1/9/2024	1/10/2024	5.39%
Epclusa Tab 400-100	3/6/2024	3/5/2024	2.40%
Estradiol Gel 0.5mg	3/31/2024	3/28/2024	18.03%
Glipizide ER Tab 10mg	1/26/2024	1/26/2024	62.08%
Humira Pen Inj 40mg/0.8ml	3/19/2024	3/19/2024	1.84%
Jinteli Tab 1mg-5mcg	1/22/2024	2/3/2024	46.77%
Joyeaux Tab 0.1-20	1/22/2024	1/18/2024	14.91%
Kesimpta Inj 20/.4ml	1/23/2024	1/23/2024	4.19%
Kisqali Tab 600mg	3/13/2024	3/15/2024	8.43%
Klor-Con 10 Tab 10meq ER	2/16/2024	2/12/2024	55.86%
Levocarnitine Tab 330mg	2/6/2024	2/15/2024	6.04%
Lithium Carb Tab 450mg ER	3/22/2024	3/21/2024	33.19%
Lyllana Dis 0.075mg	1/8/2024	1/9/2024	50.46%

Medication	Date Filled by Affiliate	Date Filled By Non-affiliate	% Difference Per Unit
NP Thyroid Tab 120mg	3/20/2024	3/20/2024	6.43%
Opzelura Cre 1.5%	1/5/2024	1/5/2024	12.14%
Promacta Tab 75mg	1/17/2024	1/22/2024	5.36%
Sodium Chloride Neb 7%	3/1/2024	3/4/2024	50.09%
Taltz Inj. 80mg/ml	1/3/2024	1/4/2024	9.34%
Temozolomide Cap 100mg	2/27/2024	2/16/2024	46.73%
Terazosin Cap 1mg	3/15/2024	3/15/2024	49.49%
Terazosin Cap 5mg	3/16/2024	3/13/2024	22.68%
Teriflunomide Tab 14mg	1/12/2024	1/10/2024	70.93%
Tilia Fe Tab	3/20/2024	3/22/2024	30.07%
Travoprost Drops 0.004%	1/29/2024	1/26/2024	20.41%
Tremfya Inj. 100mg/ml	1/11/2024	1/19/2024	3.44%
Triamcinolone Paste 0.1%	2/27/2024	2/28/2024	8.43%
Tymlos Inj.	1/16/2024	1/15/2024	4.99%
Verapamil Cap 180mg SR	2/29/2024	2/25/2024	13.55%
Verzenio Tab 100mg	1/10/2024	1/16/2024	2.35%
Vumerity Cap 231mg	3/18/2024	3/22/2024	1.35%
Xeljanz XR Tab 11mg	3/1/2024	3/3/2024	1.50%
Zeposia Cap 0.92mg	3/21/2024	3/22/2024	5.59%

**Recommendation:** It is recommended that the Company review its contracted rates and reimbursements with affiliate and non-affiliate pharmacies to develop a reimbursement model and methodology that establishes compliance with Tenn. Code Ann. § 56-7-3118.

### **Spread Pricing**

Testwork was completed to determine whether the Company charged a covered entity as defined in Tenn. Code Ann. § 56-7-3102(1), an amount greater than the reimbursement paid by the Company to a contracted pharmacy for prescription drugs or devices as prohibited by Tenn. Code Ann. § 56-7-3206(b).

No instances of noncompliance by the Company with Tenn. Code Ann. § 56-7-3206(b) were noted.

*The auditors are aware that the Company failed to provide all self-insured commercial claims for the audit period. Note that any testwork related to spread pricing did not include all claims within the scope of the audit.*

## **Initial Appeals**

Testwork was performed to determine whether the Company timely and properly adjudicated initial appeals; whether, when an appeal was resolved in favor of the appealing pharmacy, the Company adjusted the reimbursement rate for the item that was the subject of the appeal and allowed the pharmacy to reverse and rebill the claim; and whether, when applicable, the Company applied the findings from the appeal as to the rate of reimbursement and actual cost of the particular drug, medical product, or device to other similarly situated pharmacies; as required by Tenn. Code Ann. § 56-7-3206(C)(3)(A) and Tenn. Comp. R. & Regs. 0780-01-95-.03 through -.05. Auditors reviewed samples of denied and approved initial appeals submitted by Tennessee pharmacies during the audit period.

*The auditors are aware that the Company failed to provide all self-insured commercial claims and related appeals for the audit period. Note that any testwork and findings related to initial appeals did not include all appeals within the scope of the audit.*

### **Finding #2**

In 116 of the 116 denied pharmacy initial appeal files tested (100%), the Company's response to pharmacies did not include all information required by Tennessee state law.

Tenn. Comp. R. & Regs. 0780-01-95-.04(6) requires 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. Additionally, the notice must include instructions for submitting an external appeal to the Commissioner of the TDCI. These instructions must specify how to file the appeal, including the appropriate phone number or website address, and must contain 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."

The Company's response to pharmacies did not contain a clear written statement indicating that the appeal was denied, explaining the basis for its decision. The responses also did not include instructions for submitting an external appeal nor inform pharmacies of their right to appeal the Company's decision to the Commissioner of the TDCI.

By failing to provide a clear written statement with the required information to pharmacies, the Company was not in compliance with Tenn. Comp. R. & Regs. 0780-01-95-.04(6).

**Recommendation:** It is recommended that upon resolving an initial appeal against the appealing pharmacy, the Company shall add a statement of denial to the email correspondence containing the results of an initial appeal and/or to the appeals

resolution document attached to the email correspondence in order to ensure compliance with Tenn. Comp. R. & Regs. 0780-01-95-.04(6)(a).

### **Finding #3**

In 19 of 116 denied pharmacy initial appeal files reviewed (16.4%), the Company inappropriately denied eligible initial appeals submitted within seven business days of the pharmacy's submission of the initial claim for reimbursement for the drug, medical product, or device.

Tenn. Code Ann. § 56-7-3206(c)(2)(B)(ii) requires 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.

In each instance, the Company denied the appeal on the grounds of untimely submission, despite the appeal being filed in accordance with the timing requirements established under Tennessee law.

By denying eligible appeals that were timely submitted within seven business days of the pharmacy's submission of the initial claim for reimbursement for the drug, medical product, or device, the Company was not in compliance with Tenn. Code Ann. § 56-7-3108(c).

**Recommendation:** It is recommended that the Company develop and adopt procedures to ensure that it fully complies with Tenn. Code Ann. § 56-7-3206(c)(2)(B)(ii).

### **Finding #4**

In 42 of the 116 approved pharmacy initial appeal files tested (36.2%), the appeal resolution document listed a status of "Approved Pricing Reconciliation," for which the Company did not allow the pharmacy to reverse and rebill the claim in question.

Pursuant to Tenn. Code Ann. § 56-7-3206(c)(3)(A)(iii), if a pharmacy prevails in an initial appeal, then within seven business days after notice of the appeal is received by the PBM, the PBM shall permit the challenging pharmacy to reverse and rebill the claim upon which the appeal is based.

In each of the noted instances, the pharmacy was not allowed to reverse and rebill the applicable claims.

By failing 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 with Tenn. Code Ann. § 56-7-3206(c)(3)(A)(iii).

**Recommendation:** It is recommended that the Company allow all pharmacies to reverse and rebill the claim in question upon appeal approval to ensure compliance with Tenn. Code Ann. § 56-7-3206(c)(3)(A)(iii).

#### **Finding #5**

In 2 of the 116 pharmacy initial appeal files tested that were identified by the PBM as approved appeals (1.7%), the Company did not increase the pharmacy's reimbursement to at least the actual cost to the pharmacy for the prescription drug or device.

Per Tenn. Code Ann. § 56-7-3206(c)(3)(B), it is a violation of Tennessee law if a pharmacy benefits manager or covered entity fails to reimburse a pharmacy at least its actual cost after the pharmacy or its authorized agent prevails in an appeal.

- In one instance, the pharmacy's reimbursement was increased but to an amount less than the actual cost to the pharmacy for the item.
- In the other instance, the pharmacy's agent was informed that the appeal had been approved with a status of "Approved Pricing Reconciliation," indicating that the Company had reviewed and accepted the appeal and would issue reimbursement based on the adjusted pricing. However, the Company did not update the pharmacy's reimbursement accordingly.

By failing 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, the Company was not in compliance with Tenn. Code Ann. § 56-7-3206(c)(3)(B).

**Recommendation:** It is recommended that the Company adopt and develop procedures to ensure compliance with Tenn. Code Ann. § 56-7-3206(c)(3)(B).

#### **Finding #6**

In 42 of the 116 approved pharmacy initial appeal files tested (36.2%), the Company failed to adjust rates for similarly situated pharmacies upon resolution of an appeal in favor of an appealing pharmacy.

Pursuant to Tenn. Code Ann. § 56-7-3206(c)(3)(A)(vi), if a pharmacy prevails in an initial appeal, then within seven business days after notice of the appeal is received by the PBM, the PBM shall 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.

In each of the identified instances, the appeals were assigned a status of "Approved Pricing Reconciliation," which required manual reimbursement rate adjustments for

the affected pharmacy claims. However, the PBM did not 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.

By failing to apply 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, and the Company was not in compliance with Tenn. Code Ann. § 56-7-3206(c)(3)(A)(vi).

**Recommendation:** It is recommended that the Company adopt and develop procedures to ensure compliance with Tenn. Code Ann. § 56-7-3206(c)(3)(A)(vi).

### **Finding #7**

In 30 of the 116 approved pharmacy initial appeal files tested (25.9%), the Company did not reimburse the pharmacy at least the pharmacy's actual cost for the prescription drug or device within seven business days of receiving notice of the initial appeal.

Per Tenn. Code Ann. § 56-7-3206(c)(3)(A)(v), if a pharmacy prevails in an initial appeal, then within seven business days after notice of the appeal is received by the PBM, the PBM shall reimburse the pharmacy at least its actual cost for the prescription drug or device

Additionally, pursuant to Tenn. Comp. R. & Regs. 0780-01-95-.04(7)(b), effective June 26, 2024, if a pharmacy does not reverse and rebill a claim after a successful appeal, the PBM must still adjust the reimbursement rate and issue payment within fifteen business days of receiving notice of the initial appeal.

In the noted instances, the Company approved the initial appeals with a status of "Approved Pricing Reconciliation" and pharmacies were not allowed to reverse and rebill the applicable claims. Instead, the Company's process involved issuing manual payments. However, these payments were made beyond seven business days after notice of the appeal was received by the Company.

By preventing pharmacies from reversing and rebilling claims and failing 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, the Company was not in compliance with Tenn. Code Ann § 56-7-3206(c)(3)(A)(v).

**Recommendation:** It is recommended that the Company adopt and develop procedures to ensure compliance with Tenn. Code Ann. § 56-7-3206(c)(3)(A)(v).

## Finding #8

In 37 of the 79 applicable approved pharmacy initial appeal files tested (46.8%) that were received after June 26, 2024, the Company failed to make payment(s) within 15 business days of receiving notice of the initial appeal when the appealing pharmacy failed to reverse and rebill the claim.

Under Tenn. Comp. R. & Regs. 0780-01-95-.04(7)(b), effective June 26, 2024, if a pharmacy does not reverse and rebill a claim after a successful appeal, the PBM must still adjust the reimbursement rate and issue payment within fifteen business days of receiving notice of the initial appeal.

By failing 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, the Company was not in compliance with Tenn. Comp. R. & Regs. 0780-01-95-.04(7)(b).

**Recommendation:** It is recommended that the Company adopt and develop procedures to ensure compliance with Tenn. Comp. R. & Regs. 0780-01-95-.04(7)(b).

## External Appeals

Testwork was completed to ensure compliance by the Company with the established requirements for the external appeals process. Tenn. Code Ann. § 56-7-3206(g)(2) requires the Department to institute an external appeals process for any initial appeal denied by a PBM. Tenn. Comp. R. & Regs. 0780-01-95.06 establishes the requirements for the external appeals process to be followed by the Department, appealing pharmacies, and PBMs.

*The auditors are aware that the Company failed to provide all self-insured commercial claims and related appeals for the audit period. Note that any testwork and findings related to external appeals did not include all appeals within the scope of the audit.*

## Finding #9

In 1 of 90 pharmacy external appeal files reviewed (1.1%), the Company failed to provide proof of payment of at least the actual cost owed to the pharmacy within 7 business days of issuing the payment to the pharmacy.

According to Tenn. Comp. R. & Regs. 0780-01-95-.06(9), when a PBM is required to pay a pharmacy additional funds following the resolution of an external appeal, it must issue the payment within seven business days of receiving the Commissioner's written notice of the appeal decision. Additionally, the PBM must provide the Department with proof that it reimbursed the pharmacy at least its actual cost for the

drug or medical product. This proof must include a statement of the additional amount paid and must be submitted within seven business days of issuing the payment to the pharmacy.

By failing 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, the Company was non-compliant with Tenn. Comp. R. & Regs. 0780-01-95-.06(9).

**Recommendation:** It is recommended that the Company adopt and develop procedures to ensure compliance with Tenn. Comp. R. & Regs. 0780-01-95-.06(9).

### **Audits of Pharmacies**

Testwork was completed to determine if the Company complied with standards for timing and notice concerning pharmacy audits, standards for the conduct of the audits, and the proper determination of and handling of recoupments as a result of a pharmacy audit found in Tenn. Code Ann. § 56-7-3103 and Tenn. Comp. R. & Regs. 0780-01-95-.09.

### **Finding #10**

In 237 of the 1,142 Tennessee pharmacy audits conducted in 2024 (20.8%), the Company initiated pharmacy audits within the first seven calendar days of the month.

Pursuant to Tenn. Code Ann. § 56-7-3103(a)(9), a pharmacy audit shall not be initiated or scheduled during the first seven calendar days of any month, unless otherwise consented to by the pharmacy.

- In 6 of the noted instances, the Company initiated desk audits during the first seven calendar days of the month.
- In the remaining 231 noted instances, the Company initiated Prescription Validation Reviews (“PVRs”)—a process the Department has determined meets the statutory definition of a pharmacy audit—during the first seven calendar days of the month.

By initiating a pharmacy audit during the first seven calendar days of the month, the Company was not in compliance with Tenn. Code Ann. § 56-7-3103(a)(9).

**Recommendation:** It is recommended that the Company adopt and develop procedures to ensure compliance with Tenn. Code Ann. § 56-7-3103(a)(9).

### **Finding #11**

In 25 of the 68 pharmacy audit files tested (36.8%), preliminary audit reports and/or final audit reports were not delivered to the pharmacy within the time frames required

by Tenn. Code Ann. § 56-7-3103(a)(10).

Per Tenn. Code Ann. § 56-7-3103(a)(10), the preliminary audit report must be delivered to the pharmacy within 120 days after conclusion of the audit. A final audit report must be delivered to the pharmacy within 6 months after receipt of the preliminary audit report or final appeal, whichever is later.

- In 5 of the 68 pharmacy audit files tested (7.4%), the preliminary audit reports were not delivered to the pharmacist or pharmacy within 120 days after conclusion of the audit.
- In 21 of the 68 pharmacy audit files tested (30.9%), the final audit reports were not delivered to the pharmacy within 6 months after receipt of the preliminary audit report or final appeal.
  - In one instance, the final report was delivered over 10 months after the receipt of the preliminary audit report.
  - In the remaining 20 instances, no final reports were delivered at all for PVRs.

By not delivering preliminary and final audit reports to audited pharmacies within the required time frames, the Company was not in compliance with Tenn. Code Ann. § 56-7-3103(a)(10).

**Recommendation:** It is recommended that the Company facilitate submission of preliminary and final audit reports within the required timeframes in order to ensure compliance with Tenn. Code Ann. § 56-7-3103(a)(10).

## Finding #12

In 16 of the 68 pharmacy audit files tested (23.5%), the Company enforced noncompliant response times, requiring pharmacies to respond to the preliminary audit report within five business days from the date of the notification letter.

Pursuant to Tenn. Code Ann. § 56-7-3103(a)(7), when a pharmacist or pharmacy receives a preliminary audit report, pharmacies must be given a minimum of 30 days following receipt of the preliminary audit report to produce documentation to address any discrepancy found during an audit.

In the 16 noted instances, the Company conducted PVRs and required pharmacies to respond within five business days from the date of the notification letter.

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

**Recommendation:** It is recommended that the Company develop and adopt procedures to ensure compliance with Tenn. Code Ann. § 56-7-3103(a)(7).

### **Finding #13**

In 7 of the 68 pharmacy audit files tested (10.3%), the Company recouped payment based solely on clerical or recordkeeping errors.

Pursuant to Tenn. Code Ann. § 56-7-3103(a)(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.

By 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, the Company was not in compliance with Tenn. Code Ann. § 56-7-3103(a)(3).

**Recommendation:** It is recommended that the Company adopt and develop procedures to ensure compliance with Tenn. Code Ann. § 56-7-3103(a)(3).

### **Finding #14**

In 1 of the 68 pharmacy audit files tested (1.5%), the Company inappropriately recouped the full amount on 4 claims.

Pursuant to Tenn. Code Ann. § 56-7-3103(i), if a pharmacy dispenses more medication than the maximum days' supply allowed under its agreement with a PBM, any recoupment, repayment, or offset against future reimbursement must be limited to the cost of the excess quantity only, calculated using the original claim's product cost.

By recouping amounts greater than the cost of the excess quantities dispensed, as reflected in the original claims, the Company was not in compliance with Tenn. Code Ann. § 56-7-3103(i).

**Recommendation:** It is recommended that the Company adopt and develop procedures to ensure compliance with Tenn. Code Ann. § 56-7-3103(i).

### **Finding #15**

In 14 of the 68 pharmacy audit files tested (20.6%), the Company required documentation beyond a legal valid prescription under Tennessee law to validate claims as supporting documentation for audit appeals.

Per Tenn. Code Ann. § 56-7-3103(d), The PBM must allow a pharmacy provider to 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.

In the 14 noted instances, pharmacies were required to submit “Authorized Practitioner Statements” in lieu of a legal prescription.

By 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, the Company failed to comply with Tenn. Code Ann. § 56-7-3103(d).

**Recommendation:** It is recommended that the Company adopt and develop procedures to ensure compliance with Tenn. Code Ann. § 56-7-3103(d).

### **Finding #16**

In 16 of the 68 pharmacy audit files tested (23.5%), the PBM failed to make the Company’s appeals process for PVRs accessible to all pharmacies seeking to challenge the results of a preliminary audit report. Additionally, the notification of the appeals process did not include the required name and address of the individual to whom appeals should be directed, as mandated by law.

Per Tenn. Code Ann. § 56-7-3103(c), each PBM must establish an appeals process under which a pharmacy may appeal the results of a preliminary audit report. The PBM must provide to the 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 any portion of the audit report is unsubstantiated, the unsubstantiated portion should be dismissed.

For each of the noted instances, the PVR final results letters shared a process by which pharmacies could request an additional review of previously submitted information, but pharmacies were prohibited from providing new or missing records. The company also specifically noted that pharmacies that failed to respond to the original PVR request are not eligible for the review process. The notification provided by the company also failed to provide the name and mailing address of the individual to whom an appeal should be addressed.

By not providing the required contact information and not providing all pharmacies the opportunity to appeal an unfavorable preliminary audit report, the Company was not in compliance with Tenn. Code Ann. § 56-7-3103(c).

**Recommendation:** It is recommended that the Company establish an audit appeals process that allows pharmacies to appeal any unfavorable preliminary report discrepancies and provides the required contact information of the person to whom an appeal should be addressed in order to ensure compliance with Tenn. Code Ann. § 56-7-3103(c).

### **Finding #17**

In 1 of the 68 pharmacy audit files tested (1.5%), the Company conducted an audit covering a period that exceeded 2 years.

Pursuant to Tenn. Code Ann. § 56-7-3103(a)(8), the period covered by a pharmacy audit may not exceed two years from the date the claim was submitted to or adjudicated by a PBM, unless a longer period is required by any federal rule or law.

By conducting an audit covering a period greater than 2 years from the date the claim was submitted or adjudicated, the Company was not in compliance with Tenn. Code Ann. § 56-7-3103(a)(8).

**Recommendation:** It is recommended that the Company adopt and develop procedures to ensure compliance with Tenn. Code Ann. § 56-7-3103(a)(8).

### **Access to Company Books, Records, and Files**

As the audit progressed, all auditor requests, company submissions and correspondence with the Company were noted and subsequently assessed in order to determine if the Company complied with the standards established in Tenn. Comp. R. & Regs. 0780-01-95-.11(2).

### **Finding #18**

The Company did not provide complete and timely responses to requests for external appeals data and proof of payment following successful initial and external appeals.

Pursuant to Tenn. Comp. R. & Regs. 0780-01-95-.11(2), PBMs must provide the Commissioner with free and convenient access to all records, documents, and files related to their operations whenever deemed necessary.

- A schedule of external appeals data requested in the Initial Data Request was provided by the Company 135 days after the requested due date.
- Auditors requested proof of payment documentation for a sample of 59 successful external appeals. Only 8 of the 59 requested files were provided by the assigned due date. The final requested proof of payment was provided 7 days after the due date.

- Auditors requested proof of payment documentation for a sample of 42 successful initial appeals. Only 8 of the 42 files requested were provided by the assigned due date. The final requested proof of payment was provided 13 days after the due date.

By failing to timely provide the requested information, the Company did not provide free and convenient access to all records, documents, and files related to their operations deemed necessary for the completion of the audit and failed to comply with Tenn. Comp. R. & Regs. 0780 -01 -95 -.11(2).

**Recommendation:** It is recommended that the Company adopt and develop procedures to ensure compliance with Tenn. Comp. R. & Regs. 0780-01-95-.11(2). The Tennessee Department of Commerce and Insurance will take additional action for the Company not providing records regarding ERISA data.

## OBSERVATIONS

The following list presents a summary of comments noted by the auditors:

### Observation #1

In 2024, the Company received 17,405 total initial appeals from pharmacies that challenged the amount reimbursed for a drug or product. The Company denied 8,793 of the 17,405 initial appeals (51%) from pharmacies seeking higher reimbursement.

Pharmacies requested external appeal reviews for 154 of the initial appeal determinations made by the Company (8.8%). The external appeal process conducted by the State of Tennessee overturned 56 of the 154 external appeals (36%).

### Observation #2

After reviewing the approved initial appeal files, there were a total of 3,487 initial appeals with the same prescription number for multiple months during the audit period. It is noted that following the resolution of an initial appeal, the Company frequently adjusted the reimbursement of the prescription drug or device back to a reimbursement that was less than the newly approved rate.

### Observation #3

When reviewing the approved initial appeal files for 2024, it was determined that the Company increased the final reimbursement to the appealing pharmacy on average by \$23.55 or 135% and a median change of \$12.64 or 34% higher than

the original reimbursement amount.

#### Observation #4

The Company frequently did not pay low-volume dispensing fees at the point of sale, instead issuing payments through a manual adjustment process. The Company's process lacked transparency, as pharmacies were unable to track or link reimbursements to specific prescription claim numbers. Although the Company provided documentation noting claim numbers when requested by auditors, such details were not included in any correspondence or remittance advice sent to PSAOs or pharmacies during the adjustment and remediation process.

#### Observation #5

The Company's appeal process lacks appropriate controls to help pharmacies track and confirm the successful submission of appeals. When an appeal is submitted through the OptumRx automated system or portal, pharmacies receive only a general confirmation message without any details specific to the appeal. The portal does not allow pharmacies to verify receipt or check the status of pending appeals. As a result, a pharmacy cannot determine if a particular claim was received until it either receives a MAC Appeal Response via email or it notices that it did not receive an email response.

## CONCLUSION

Rules and procedures as prescribed by the statutes of the State of Tennessee and guidance from the NAIC Market Regulation Handbook, as deemed appropriate, have been followed in connection with the audit of OptumRx, Inc.

The courteous cooperation of the officers and employees of the Company, extended during the course of the audit, is hereby acknowledged.

Respectfully submitted,



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Shelly Schuman, CIE, AMCM, PAHM  
Auditor-in-Charge  
INS Regulatory Insurance Services, Inc.  
Representing the State of Tennessee



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[Rhonda Bowling-Black \(Feb 6, 2026 13:27:16 CST\)](#)  
Rhonda Bowling-Black, CFE, ARe, MCM  
Department Designee  
State of Tennessee

## CERTIFICATION

The undersigned certifies and says that they have duly executed the attached audit report of OptumRx, Inc. located in Eden Prairie, Minnesota, dated January 22, 2026, and made as of December 31, 2024, on behalf of the Tennessee Department of Commerce and Insurance. The undersigned further says they are familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of their knowledge, information, and belief.



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[Rhonda Bowling-Black \(Feb 6, 2026 13:27:16 CST\)](#)

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Rhonda Bowling-Black, CFE, ARe, MCM  
Department Designee  
State of Tennessee