

BEFORE THE DIVISION OF INSURANCE
DEPARTMENT OF LABOR AND REGULATION
STATE OF SOUTH DAKOTA

IN THE MATTER OF
CAREMARK, L.L.C.

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CONSENT ORDER

In resolution of the above matter and in lieu of issuance of a Notice of Hearing and a formal hearing, the undersigned parties do hereby agree to the following:

CAREMARK, L.L.C. ("CAREMARK"), whose address of record is 7034 Alamo Downs Parkway, San Antonio, TX 78238, is a Third-Party Administrator ("TPA") in the State of South Dakota holding a TPA License with a Pharmacy Benefit Manager ("PBM") Qualification;

CAREMARK is aware that the South Dakota Division of Insurance ("Division") has conducted an investigation of CAREMARK's activities as a PBM in South Dakota;

The Division has alleged the following:

- 1) CAREMARK, as a PBM, enters into written agreements with health insurance companies and other third-party payors for pharmacy network and claim processing services in connection with the operation of health benefit plans;
- 2) CAREMARK creates and enters into written agreements with Pharmacies ("Providers") for the provision of covered prescription services to covered individuals of health benefit plans;
- 3) The Division received complaints from certain South Dakota Providers that entered into written agreements with CAREMARK, alleging retroactive adjustment of claims;
- 4) CAREMARK's contracts with Providers sometimes contain provisions, identified as Effective Rate Agreements, which set the overall rate of reimbursement ("contracted effective rate") for all applicable claims to Providers for a calendar year;
- 5) The Effective Rate Agreement requires an annual year-end financial reconciliation ("Reconciliation") in which CAREMARK calculates the Provider's reimbursement for applicable claims as compared to the contracted effective rate based on the Provider's already-submitted claims information, which may result in a net overpayment or underpayment to the Provider, which may result in adjustments to amounts already reimbursed to a Provider at the point of sale;

- 6) The Reconciliation is accomplished through an end of the year true up settlement agreement issued from CAREMARK demanding the Provider accept and proceed with the payment of a stated amount as full and final settlement amount in satisfaction of any and all claims to contractual reimbursement amounts that may be owed to CAREMARK by the Provider according to the Reconciliation, additionally stating there would be no further reprocessing or adjusting reimbursements to the other party to reconcile or otherwise adjust for overpayments or underpayments for the calendar year;
- 7) Based on the foregoing, it is the view of the Division that CAREMARK directly or indirectly retroactively adjusted claims for reimbursement submitted by a South Dakota Provider for commercial prescription drug claims, in violation of SDCL 58-29E-13;
- 8) CAREMARK was subject to administrative actions regarding alleged provider claim reimbursement violations in other jurisdictions, in violation of SDCL 58-29D-24, 58-29D-31(4), and 58-30-167(2);
- 9) CAREMARK failed to provide a complete response to the Division during its investigation, in violation of SDCL 58-29D-24, 58-30-167(7), and 58-33-66;
- 10) The above-cited conduct may be grounds for the revocation or suspension of CAREMARK's TPA License with PBM Qualification pursuant to SDCL 58-29D-24, 58-29D-31(4), 58-29E-13, 58-30-167(2)(7), and 58-33-66;

CAREMARK denies the above allegations, disputes that it has engaged in any conduct that violates South Dakota law, and does not admit any wrongdoing in connection with the Division's assertions herein. CAREMARK specifically denies that the Reconciliation process referenced above violates SDCL 58-29E-13 or any other provision of South Dakota law. CAREMARK further denies that it has engaged in any conduct that violates SDCL 58-33-66. CAREMARK nonetheless agrees to enter into this Consent Order to resolve the Division's allegations against it;

By the execution of this Consent Order and the payment of a penalty, CAREMARK does not admit any violation of the laws of South Dakota, and does not waive its right to assert any legal or factual defense in any future action brought by the Division or any licensing procedure with the Division;

CAREMARK is aware of and understands the nature of the charges and has been informed that it has the right to notice, hearing, and appeal, and that by agreeing to and signing this Consent Order, CAREMARK waives these rights;

In return for CAREMARK agreeing to the provisions of this Consent Order, the Division agrees not to proceed to hearing and agrees that this Consent Order will constitute an informal disposition of this licensing matter and all potential enforcement actions concerning alleged violations of South Dakota law referenced herein prior to the date of this Consent Order, pursuant to SDCL 1-26-20;

CAREMARK agrees to a monetary penalty in the amount of \$250,000 pursuant to SDCL 58-4-28.1, in lieu of contesting this matter formally;

CAREMARK further agrees that the existence of this Consent Order may be considered for the purpose of determining the appropriate sanction in any future actions by the Division for any violations of the laws or regulations of the State of South Dakota or for failing to abide by any order of the Director;

Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that CAREMARK pay a monetary penalty in the amount of \$250,000 payable to "South Dakota Division of Insurance" for deposit in the general fund of the State of South Dakota; and it is further

ORDERED that CAREMARK abide the agreements made by it in this Consent Order; and it is further

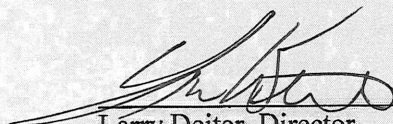
ORDERED that should CAREMARK fail to comply with the provisions of this Order, the Division may seek the suspension or revocation of CAREMARK's Third-Party Administrator's License at hearing pursuant to SDCL 58-29D-31, or seek other remedies available at law; and it is further

ORDERED that the use of this Consent Order for competitive purposes by an insurance agent or third-party administrator holding a license in the State of South Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority; and it is further

ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

[Signature page follows.]

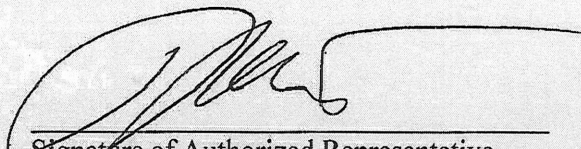
Dated at Pierre, South Dakota this 4th day of December, 2025.



Larry Deiter, Director
South Dakota Division of Insurance

The undersigned, on behalf of CAREMARK, represents it understands the terms of this Consent Order and the waiver of its due process rights and voluntarily enters into this Consent Order.

Dated this 1st day of December, 2025.



Signature of Authorized Representative

Thomas S. Moffatt
Printed Name **Vice President and Corporate Secretary**

Title