

STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

STATE OF RHODE ISLAND, by and)
through Attorney General Peter F. Neronha)
Plaintiff,)
)
v.)
)
Prime Therapeutics LLC,)
Defendant.)
)
_____)

C.A. No.: PC-2026-_____

COMPLAINT

The State of Rhode Island *ex rel.* Peter F. Neronha, Attorney General, for its Complaint against Defendant states:

I. INTRODUCTION

1. This action is brought to redress and restrain violations of R.I. Gen. Law § 5-19.1-35 (“Pharmacy Audit Act”), which establishes requirements that health insurance carriers and their intermediaries must follow when conducting audits of pharmacies in Rhode Island.

2. Defendant Prime Therapeutics LLC (“Prime”) conducted on-site audits at three independently owned pharmacies in Rhode Island.

3. A pharmacy audit is a systematic examination of a pharmacy’s operations and practices by a third party. That third party may be a health insurance company or a pharmacy benefit manager (“PBM”).

4. Pharmacies may be subject to two types of audits: desk audits or on-site audits. A desk audit is conducted remotely. The auditor contacts the pharmacy via fax, mail, or email to initiate the audit. The auditor may request various documents such as original prescription orders, prescription order copies, physician notes, proof of pick up or delivery of the prescription,

electronically scanned images, invoices, signature logs, or agreements between the pharmacy and other providers.¹

5. In contrast, an on-site audit occurs when the third-party auditor conducts the audit in real time at the pharmacy.

6. The scope and frequency of audits have been increasing, leading to additional on-site inspections, and demands for increasingly extensive documentation, creating a risk of harm and disruption to pharmacies and their ability to serve Rhode Island consumers. The Rhode Island General Assembly enacted the Pharmacy Audit Act (R.I. Gen Laws § 5-19.1-35) in response to this growing audit issue. The purpose of the Pharmacy Audit Act is to mitigate the administrative burden and disruption to patient care that Rhode Island pharmacies face when audited by carriers and their intermediaries, and to provide certain basic procedural protections so that pharmacies can adequately prepare for and respond to audits. The legislative history of the Pharmacy Audit Act shows that the Act's sponsors were focused on the increasing frequency of on-site audits, and the lack of documented rationale for such audits.²

7. On October 27, 2025, representatives of Prime conducted unannounced site visits at three Rhode Island independent pharmacies and conducted on-site audits in violation of the Pharmacy Audit Act.

¹ Academy of Managed Care Pharmacy “*Model Audit Guidelines for Pharmacy Claims*,” January 2012, https://www.akleg.gov/basis/get_documents.asp?session=28&docid=4941.

² See Capital TV, “*Senate Committee on Health and Human Services: 3-20-2025*” <https://capitoltvri.cablecast.tv/show/10992?seekto=5100&site=1> 1:27-1:28; see *id.* at 1:30 (pharmacy testimony asserting that PBMs “audit [pharmacies] so heavily and so stringently to the point where [the PBM] tries to shut you down.”)

8. The Rhode Island Office of the Attorney General (“RIAG”) alleges that Prime’s conduct in carrying out these unannounced on-site audits violates the Pharmacy Audit Act, for which the RIAG now seeks court intervention to provide appropriate relief.

II. PARTIES

9. Rhode Island Attorney General Peter F. Neronha is authorized to bring this action on behalf of the State of Rhode Island by R.I. Gen. Laws § 5-19.1-35(h) and R.I. Gen. Laws § 42-9.1-1 *et seq.*

10. Defendant Prime Therapeutics LLC is a foreign limited liability company registered with the Rhode Island Secretary of State. Its principal office is located at 2900 Ames Crossing Road, Suite 200, Eagan Minnesota, 55121.

III. JURISDICTION AND VENUE

11. This Court has subject-matter jurisdiction pursuant to R.I. Gen. Laws § 8-2-14.

12. This Court has personal jurisdiction over Defendant because Defendant transacts business in Rhode Island and has the requisite minimum contacts with Rhode Island necessary to constitutionally permit the Court to exercise jurisdiction, with such jurisdiction also being proper under Rhode Island’s long-arm statute, R.I. Gen. Laws § 9-5-33. Defendant engages in business in Rhode Island by administering pharmacy benefits on behalf of Rhode Island health insurance carriers and offered to Rhode Island consumers.

13. Venue is proper in this Court pursuant to R.I. Gen. Laws § 8-2-27.

IV. BACKGROUND

14. Under the Pharmacy Audit Act (R.I. Gen. Laws § 5-19.1-35), health insurance carriers and their intermediaries must comply with various requirements related to on-site audits of pharmacies in Rhode Island. These requirements include but are not limited to: providing fourteen (14) days advanced written notice of an audit and the range of prescription numbers involved in the audit

(*Id.* § 5-19.1-35(c)); limiting the number of prescriptions subject to audit to one hundred fifty (150) prescription claims and their applicable refills (*Id.*); allotting pharmacies adequate time to collect all audited samples (*Id.*); limiting the period covered by an audit to two (2) years (*Id.* § 5-19.1-35(e)(5)); and permitting a pharmacy at least one opportunity to reschedule with the auditor if the scheduled audit presents a scheduling conflict for the pharmacist (*Id.* § 5-19.1-35(e)(6)).

15. The Pharmacy Audit Act contains the following exceptions:

- a. R.I. Gen. Law § 5-19.1-35(b) provides that “[t]his section does not apply to any audit, review, or investigation that is initiated based on or involving suspected or alleged fraud, willful misrepresentation, or abuse.”
- b. R.I. Gen. Law § 5-19.1-35(g)(1) states that “[t]he provisions of this chapter do not apply to an investigative audit of pharmacy records when:
 - i. Fraud, waste, abuse, or other intentional misconduct is indicated by physical review or review of claims data or statements; or
 - ii. Other investigative methods indicate a pharmacy is or has been engaged in criminal wrongdoing, fraud, or other intentional or willful misrepresentation.”

16. Effective June 30, 2025, an amendment to the Pharmacy Audit Act was enacted by the Rhode Island General Assembly and signed by the Governor to further strengthen the Pharmacy Audit Act by delegating enforcement authority to the RIAG and limiting the number of permissible on-site audits of a pharmacy to one per year. R.I. Gen. Law §§ 5-19.1-35(g)(2), (h).

17. Defendant Prime Therapeutics LLC is a PBM licensed to conduct business in the state of Rhode Island. In its capacity as a PBM, Prime conducts audits of pharmacies as an intermediary on behalf of carriers within the meaning of R.I. Gen. Law § 5-19.1-35(a).

V. STATE'S ALLEGATIONS

18. Beginning on October 27, 2025, Prime conducted unannounced site visits in violation of R.I. Gen. Law § 5-19.1-35. These violations included but were not necessarily limited to: failing to provide pharmacies with 14 days advanced written notice prior to initiating an on-site audit; failing to provide pharmacies with advanced notice of the range of prescription numbers involved in the audit; auditing for a period which exceeded 2 years; and failing to allow pharmacies one opportunity to reschedule with the auditor. *See* R.I. Gen. Laws §§ 5-19.1-35(c), (e)(5)-(6).

19. When the RIAG served Prime with a notice describing Prime's apparent violations of the Pharmacy Audit Act, Prime sought to invoke an exemption to the requirements of the Pharmacy Audit Act by claiming its on-site audits were conducted based on suspected fraud, willful misrepresentation, and abuse. However, the RIAG alleges that a review of the records Prime produced to establish the basis for the audits shows that no such exemption applies to Prime's unannounced site visits.

20. Specifically, on October 27, 2025, representatives of Prime showed up unannounced at the premises of three Rhode Island pharmacies: (a) Atwood Pharmacy, 1302 Atwood Avenue, Unit 2, Johnston, RI 02919; (b) Park Ave Pharmacy, 1375 Park Ave, Suite 1, Cranston, RI 02920; and (c) Park Square Pharmacy, 65 Eddie Dowling Hwy, North Smithfield, RI 02896. The Prime representatives presented pharmacy staff with identical letters dated October 27, 2025, an example of which follows:



21. The text of each letter confirms the pharmacies were given no advance notice or opportunity to reschedule these audits, nor were they given notice of the range of prescription numbers involved. The period under audit also exceeded the maximum two years afforded by the Pharmacy Audit Act.

22. After presenting these notices, Prime's representatives entered the premises of each pharmacy and began to interview and request documentation from pharmacy staff. The audits occurred during a period when patients were actively visiting the pharmacies to receive vaccines. Prime's actions forced pharmacy staff to redirect their attention away from patients and were highly disruptive to pharmacy operations.

23. The lack of notice to the pharmacies increased the degree of disruption to patient care and pharmacy operations and imposed additional documentation burden on the pharmacists.

24. Prime also requested additional follow-up documentation be sent by the pharmacies in the days following the on-site visits.

25. The three pharmacies have received no notice of termination or closure of the audits. On information and belief, Prime's review of information obtained during the on-site visits has continued to present and its audits of these pharmacies thus remains ongoing.

Prime Failed to Establish Exemption from Audit Requirements

26. On November 4, 2025, the RIAG served Prime with a notice describing Prime's apparent violations of the Pharmacy Audit Act. To the extent Prime was seeking to rely on an exemption from the Pharmacy Audit Act, the RIAG's notice called on Prime to provide supporting documentation to the RIAG establishing a basis for exemption.

27. On November 6, 2025, Prime responded denying any violations and claiming that "these on-site visits were conducted based on suspected fraud, willful misrepresentation, and abuse and, in accordance with R.I. Gen. Laws § 5-19.1-35(b) and R.I. Gen. Laws § 5-19.1-35(g)(1), are not subject to the standard pharmacy audit requirements within R.I. Gen. Laws § 5-19.1-35."

28. Prime's claim of exemption from the Pharmacy Audit Act was premised on an emailed fraud, waste and abuse "tip" Prime received on March 17, 2025—over seven months before the on-site audits—from one of its health insurance clients. The health insurance client email referred to one pharmacy, Atwood Pharmacy, "showing up on a monthly report for dual plan members who have medication filled early." The email continued: "I have reported this pharmacy in the past for questionable prescribing and since then, they have opened a second pharmacy, Park Square Pharmacy NPI 1699476507. I heard they are considering opening a 3rd pharmacy in Coventry Rhode Island." The email then listed the names of the pharmacies' owners.

29. The email did not reference any issues regarding Atwood Pharmacy's, or any other pharmacy's, administration of vaccines or issues with supporting documentation related to vaccine administration. Yet, when Prime initiated its on-site audits of the three pharmacies on October 27,

2025, the scope of Prime's review had shifted to focus on whether the pharmacies had the necessary standing orders on file to administer certain vaccines. This issue lacks any reasonable relation to the tip Prime received.

30. As shown by documents Prime produced to the RIAG, an internal claims review by Prime identified what Prime considered to be a high volume of claims for vaccines authorized by a single physician. Prime stated that "a pharmacy having standing orders for vaccines is standard practice," but contends that because the provider of note had an unusually high volume, additional follow-up was needed. Prime contacted a physician's office on October 7, 2025, to ask if the physician had a collaborative practice agreement with Atwood Pharmacy. Staff at the physician's office appeared confused by Prime's request and initially responded that no such agreement existed. However, the physician later contacted Prime to confirm that a standing order for Atwood Pharmacy did exist. On October 8, 2025, Prime received a copy of a vaccine standing order for Atwood Pharmacy, but Prime believed it was expired. Prime also claimed that the manner by which it received the standing order was suspicious because the document came from a different email address than it was expecting.

31. Based on the foregoing, Prime initiated on-site audits of the three pharmacies on October 27, 2025.

32. The information cited by Prime as the basis for its on-site audits does not establish the audits were credibly based on alleged or suspected fraud, willful misrepresentation, or abuse.

33. The March 17th tip from the health care client was seven-months stale and unrelated to vaccine standing orders, yet Prime's belief that Atwood Pharmacy lacked a valid standing order for vaccinations was the proximate cause for its on-site audits of Atwood Pharmacy and the two other commonly owned pharmacies (Park Square Pharmacy and Park Ave Pharmacy).

34. The March 17th tip from the health care client made only a passing reference to Park Square Pharmacy as being commonly owned with Atwood Pharmacy. Based solely on indicia of common ownership, Prime included Park Square Pharmacy in its on-site audits. Common ownership alone is not a sufficient basis for exemption from the requirements of the Pharmacy Audit Act. Accordingly, Prime lacked supporting documentation to establish an exemption from the Act with respect to its unannounced on-site audit of Park Square Pharmacy.

35. The March 17th tip from the health care client made no reference whatsoever to Park Ave Pharmacy. Yet, Prime's on-site audit included Park Ave Pharmacy because it shared common ownership with Atwood Pharmacy. Common ownership alone is not a sufficient basis for exemption from the requirements of the Pharmacy Audit Act. Accordingly, Prime lacked supporting documentation to establish an exemption from the Act with respect to its unannounced on-site audit of Park Ave Pharmacy.

36. Based on the foregoing, the on-site audits initiated by Prime on October 27, 2025, were subject to the Pharmacy Audit Act, which Prime repeatedly violated when it conducted an unannounced on-site audit of Atwood Pharmacy, Park Square Pharmacy, and Park Ave Pharmacy.

VI. CLAIM FOR RELIEF

COUNT ONE

Violation of R.I. Gen. Laws § 5-19.1-35 Pharmacy Audit Act

37. The RIAG re-alleges and incorporates herein by reference each of the allegations contained in the preceding paragraphs.

38. Defendant is in violation of R.I. Gen. Law § 5-19.1-35 by carrying out unannounced on-site audits of Atwood Pharmacy, Park Ave Pharmacy, and Park Square Pharmacy.

39. Upon information and belief, Defendant's conduct is ongoing.

VII. PRAYER FOR RELIEF

WHEREFORE, the State prays for judgment against Defendants as permitted by Rhode Island law, as follows:

- A. An Order and Judgment against Defendants, and in favor of the State, for each violation alleged in this Complaint;
- B. Declaration that Defendants' acts and practices alleged herein are in violation of R.I. Gen. Law § 5-19.1-35;
- C. An injunction permanently enjoining Defendants from engaging in further conduct in violation of R.I. Gen. Law § 5-19.1-35;
- D. Costs, filing fees, pre- and post-judgment interests, and attorneys' fees; and
- E. All other relief deemed just by this Court.

Dated: _____

STATE OF RHODE ISLAND,

**PETER F. NERONHA
ATTORNEY GENERAL**

By its Attorneys,

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CERTIFICATE OF SERVICE

I hereby certify that, on January 28, 2026 I filed and served this document through the electronic filing system on the attorneys of record. The document electronically filed and served is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System.

/s/ Meghan Spooner