CHAPTER 482-1-164

PHARMACY BENEFIT MANAGERS

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482-1-164-.01 Purpose, Scope, Authority, Severability and Effective Date.

(1) The purposes of this chapter are as follows:

(a) To set forth rules and procedural requirements the Commissioner deems necessary to carry out the provisions of Sections 4 and 5 of Alabama Act No. 2019-457, relating to the licensing of pharmacy benefit managers.

(b) To set forth the procedures for the renewal of licenses of pharmacy benefit managers, as is required by paragraph (4) of subsection (a) of Section 4 of Alabama Act No. 2019-457.

(c) To provide for the suspension or revocation of license of a pharmacy benefit manager and to set the penalties and fines for violations of Sections 4 and 5 of Alabama Act No. 2019-457.

(2) This chapter shall apply to all persons applying for or renewing a license as pharmacy benefit manager.

(3) This chapter is adopted pursuant to Section 27-2-17, Code of Alabama 1975, and Section 6 of Alabama Act No. 2019-457.

(4) If any rule or portion of a rule or its applicability to any person or circumstance is held invalid by a court, the remainder of this chapter or the applicability of the provision to other persons or circumstances shall not be affected.

(5) This chapter shall become effective upon its approval by the Commissioner of Insurance and upon its having been on file as a public document in the office of the Secretary of State for ten days.

Author: Commissioner of Insurance
History: New November 7, 2019, Effective January 1, 2020

482-1-164-.02 Definitions. Unless the context otherwise requires, terms found in this chapter are used as defined in Section 5 of Alabama Act No. 2019-457. The following terms are defined for purposes of this chapter:

(a) LICENSEE. A pharmacy benefit manager licensed in accordance with this chapter.
482-1-164-.03 Pharmacy Benefit Manager License.

(1) A person may be issued a license as a pharmacy benefit manager in accordance with the following:

(a) An applicant shall complete the Department’s on-line licensing process to become licensed as a pharmacy benefit manager.

(b) Issuance of an Alabama pharmacy benefit manager license to a foreign-domiciled business entity does not in itself satisfy any applicable Alabama constitutional or statutory requirements that may require the entity to qualify through or register with the Alabama Secretary of State in order to lawfully do business in Alabama.

(c) The applicant must identify at least one individual designated as the primary contact for the licensee with the department.

(2) Instructions for the on-line licensing process, as it may change from time to time, will be provided on the Department’s Web page.

(3) The initial fee for a pharmacy benefit manager license is hereby set at $500.00.

(4) Subsequent changes in the name or address of a pharmacy benefit manager must be reported to the Department within 30 days thereof. While there is no filing fee for reporting such changes, there is a penalty of $50 for the failure to report the changes within 30 days. Instructions for the name and address change process, as it may change from time to time, will be provided on the Department’s Web page.

(5)(a) A pharmacy benefit manager license is subject to the license renewal process set forth in Rule 482-1-164-.04.

(b) If a pharmacy benefit manager license is not renewed in accordance with Rule 482-1-164-.04 the license expires.

(6) When a pharmacy benefit manager’s license is suspended or revoked, the former licensee should contact the Legal Division of the Department to receive instructions should the former licensee desire to again become licensed.
482-1-164-.04 Renewal of Pharmacy Benefit Manager License.

(1) All pharmacy benefit managers licensed in the State of Alabama are required to complete an application for license renewal with the Department according to the schedule set forth in this rule, which shall include the payment of a biennial license renewal fee in the amount of $500.

(2) Notice is hereby given that beginning on October 1 next preceding license expiration, licensees can access the Department’s Web site for the purpose of completing their application for license renewal.

(3) All licensees shall complete an application for license renewal on the Department’s Web site prior to license expiration, to include payment of the license renewal fee as set forth in paragraph (1).

(4) Unless renewed in accordance with this rule, a pharmacy benefit manager license shall expire on December 31 of 2021 and every other year thereafter.

Author: Commissioner of Insurance
History: New November 7, 2019, Effective January 1, 2020

482-1-164-.05 Compliance.

(1) Every pharmacy benefit manager subject to this chapter shall be licensed in accordance with Rule 482-164-.03 and, so long as the pharmacy benefit manager continues to be subject to this chapter, shall complete an application for license renewal in accordance with Rule 482-1-164-.04.

(2) The license of any pharmacy benefit manager failing to complete the application for license renewal within the time specified in paragraph (2) of Rule 482-1-164-.04 will expire.
(3) Any pharmacy benefit manager conducting business in the State of Alabama on or after January 1, 2020, without being licensed in accordance with this chapter in violation of subsection (a) of Section 4 of Alabama Act No. 2019-457 shall be subject to a fine in the amount of $1,000 per day of operating in violation of the law, as authorized in subsection (b) of Section 6 of Alabama Act No. 2019-457.

Author: Commissioner of Insurance
History: New November 7, 2019, Effective January 1, 2020