

**ALABAMA DEPARTMENT OF INSURANCE  
INSURANCE REGULATION**

**CHAPTER 482-1-164**

**PHARMACY BENEFITS MANAGERS**

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**ALABAMA INSURANCE REGULATION**  
**Chapter 482-1-164**

**482-1-164.01 Purpose, Scope, Authority, Severability, and Effective Date.**

(1) The purposes of this chapter are to set forth rules and procedural requirements the Commissioner deems necessary to carry out the provisions of Chapter 45A of the Alabama Insurance Code, as amended by Alabama Act No. 2021-341, as follows:

- (a) To provide for the licensing of pharmacy benefits managers.
- (b) To provide for the renewal of licenses of pharmacy benefits managers.
- (c) To provide for the suspension or revocation of license of a pharmacy benefits manager and to set the penalties and fines for violations.
- (d) To provide for the transition of licenses for pharmacy benefits managers licensed prior to January 1, 2022.
- (e) To provide a fee schedule to allow the regulation and oversight activities of the Department to be self-supporting.

(2) This chapter shall apply to all persons required to be licensed as pharmacy benefits manager.

(3) This chapter is adopted pursuant to Ala. Code §27-2-17, and subsection (c) of Section 27-45A-4, and subsection (a) of Section 27-45A-5, as amended in Alabama Act No. 2021-341.

(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 January 1, 2022, 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

**Statutory Authority:** Ala. Code §§ 27-2-17, 27-45A-4, & 27-45A-5, & Ala. Act 2021-341

**History:** New November 7, 2019, Effective January 1, 2020; Amended October 14, 2021, Effective January 1, 2022

**482-1-164.02 Definitions.** Unless the context otherwise requires, terms found in this chapter are used as defined in the Law. The following terms are defined for purposes of this chapter:

- (a) **LICENSEE.** A pharmacy benefits manager licensed in accordance with this chapter.
- (b) **THE DEPARTMENT.** The Alabama Department of Insurance.

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(c) THE LAW. Chapter 45A of the Alabama Insurance Code, beginning with Ala. Code §27-45A-1, as amended by Alabama Act. No. 2021-341.

**Author:** Commissioner of Insurance

**Statutory Authority:** Ala. Code §§ 27-2-17, 27-45A-4, & 27-45A-5, & Ala. Act 2021-341

**History:** New November 7, 2019, Effective January 1, 2020; Amended October 14, 2021, Effective January 1, 2022

**482-1-164-.03 Pharmacy Benefits Manager License.**

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

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

(b) Issuance of an Alabama pharmacy benefits 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 benefits manager license is hereby set at \$500.00.

(4) Subsequent changes in the information required to be reported by the Law or this chapter 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 benefits manager license is subject to the license renewal process set forth in Rule 482-1-164-.04.

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

(6) When a pharmacy benefits 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.

**Author:** Commissioner of Insurance

**Statutory Authority:** Ala. Code §§ 27-2-17, 27-45A-4, & 27-45A-5, & Ala. Act 2021-341

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**History:** New November 7, 2019, Effective January 1, 2020; Amended October 14, 2021, Effective January 1, 2022

**482-1-164-.04 Renewal of Pharmacy Benefits Manager License.**

(1) All pharmacy benefits 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 an annual license renewal fee in the amount determined in Rule 482-1-164-.06.

(2) Notice is hereby given that beginning on or about November 1 of each year, 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.

(4) Renewal is not complete until receipt of a properly completed renewal form, any supporting documentation, and payment of the correct renewal fee.

(5) Failure to timely complete renewal as described in paragraph (4) may result in delayed renewal or nonrenewal, in addition to potential violations if the pharmacy benefits manager provides services without being licensed.

(6) Unless renewed in accordance with this rule, a pharmacy benefits manager license shall expire on December 31.

(7) Licensees will receive notice of approval of the renewal process and instructions to print the renewal license.

**Author:** Commissioner of Insurance

**Statutory Authority:** Ala. Code §§ 27-2-17, 27-45A-4, & 27-45A-5, & Ala. Act 2021-341

**History:** New November 7, 2019, Effective January 1, 2020; Amended October 14, 2021, Effective January 1, 2022

**482-1-164-.05 Compliance.**

(1) Every pharmacy benefits manager subject to this chapter shall be licensed in accordance with Rule 482-164-.03 and, so long as the pharmacy benefits 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 benefits manager failing to complete the application for license renewal as specified in Rule 482-1-164-.04 will expire as indicated in paragraph (6) of Rule 482-1-164-.04.

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(3) Any pharmacy benefits manager conducting business in the State of Alabama on or after January 1, 2022, without being licensed in accordance with this chapter in violation of Ala. Code §27-45A-4, as amended by Alabama Act No. 2021-341, 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 (i) of Ala. Code §27-45A-4, as amended by Alabama Act No. 2021-341.

(4) Any licensee violating any provision of the Law, including, but not limited to, §§27-45A-8, 27-45A-9, 27-45A-10, and 27-45A-11, may be subject to a civil penalty, or the license may be suspended or revoked, as provided in subsection (i) of §27-45A-4, as amended by Alabama Act No. 2021-341. Licensees may request a hearing in accordance with §§27-2-28, et seq., and according to the rules set forth in Chapter 482-1-065, and may appeal as set forth in §27-2-32.

**Author:** Commissioner of Insurance

**Statutory Authority:** Ala. Code §§ 27-2-17, 27-45A-4, & 27-45A-5, & Ala. Act 2021-341

**History:** New November 7, 2019, Effective January 1, 2020; Amended October 14, 2021, Effective January 1, 2022

**482-1-164.06 Fee Schedule.**

(1) The renewal and oversight activities over licensees by the Department must be self-supporting as required in paragraph (4) of subsection (c) of Ala. Code §27-45A-4, as amended by Alabama Act No. 2021-341. Each licensee must contribute a sufficient amount to the Department to pay the reasonable costs, including overhead, of regulating licensees.

(2) The initial license fee for all pharmacy benefits managers is \$500.

(3) For the renewal fee, the Commissioner will charge the proportionate share of the annual cost of renewal and oversight activities to all licensees. A licensee's proportionate share shall be based on its Alabama state annual gross pharmacy benefit manager business income for the previous calendar year. The minimum renewal fee is \$500.

(4) No later than July 1 of each year, licensees must report their Alabama state annual gross pharmacy benefit manager business income for the previous calendar year on a form prescribed by the Commissioner. This report should be marked confidential by the licensee and will be held by the Commissioner as confidential and not subject to public inspection in accordance with subsection (k) of §27-45A-4.

(5) On or before November 1 of each year, the Commissioner will calculate and set the renewal fees for the ensuing renewal year.

(6) If an unexpended balance of pharmacy benefits manager license and renewal funds remain in the Department's Insurance Department Fund at the close of a fiscal year, the Department will carry the unexpended funds forward and use them to reduce future renewal fees.

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**Author:** Commissioner of Insurance

**Statutory Authority:** Ala. Code §§ 27-2-17, 27-45A-4, & 27-45A-5, & Ala. Act 2021-341

**History:** New October 14, 2021, Effective January 1, 2022

**482-1-164-.07 Transitory Provisions.**

(1) In order to accommodate the provisions of Section 4 of Alabama Act No. 2021-341 providing a transition from pharmacy benefits managers licensed prior to January 1, 2022, all licensees issued a pharmacy benefits manager license prior to January 1, 2022, must submit a new application for pharmacy benefits manager license in accordance with Rule 482-1-164-.03.

(2) Any pharmacy benefits license issued prior to January 1, 2022, expires in accordance with Section 4 of Alabama Act No. 2021-341 on the earlier of:

- (a) The date a new pharmacy benefits manager license is issued.
- (b) April 1, 2022.

**Author:** Commissioner of Insurance

**Statutory Authority:** Ala. Code §§ 27-2-17, 27-45A-4, & 27-45A-5, & Ala. Act 2021-341

**History:** New October 14, 2021, Effective January 1, 2022