



Senate Bill No. 74

Public Act No. 07-200

**AN ACT REQUIRING THE REGISTRATION OF PHARMACY
BENEFITS MANAGERS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective January 1, 2008*) As used in this section and sections 2 to 8, inclusive, of this act:

(1) "Commissioner" means the Insurance Commissioner;

(2) "Department" means the Insurance Department;

(3) "Drug" means drug, as defined in section 21a-92 of the general statutes;

(4) "Person" means person, as defined in section 38a-1 of the general statutes;

(5) "Pharmacist services" includes (A) drug therapy and other patient care services provided by a licensed pharmacist intended to achieve outcomes related to the cure or prevention of a disease, elimination or reduction of a patient's symptoms, and (B) education or intervention by a licensed pharmacist intended to arrest or slow a disease process;

(6) "Pharmacist" means an individual licensed to practice pharmacy

Senate Bill No. 74

under section 20-590, 20-591, 20-592 or 20-593 of the general statutes, and who is thereby recognized as a health care provider by the state of Connecticut;

(7) "Pharmacy" means a place of business where drugs may be sold at retail and for which a pharmacy license has been issued to an applicant pursuant to section 20-594 of the general statutes; and

(8) "Pharmacy benefits manager" or "manager" means any person that administers the prescription drug, prescription device, pharmacist services or prescription drug and device and pharmacist services portion of a health benefit plan on behalf of plan sponsors such as self-insured employers, insurance companies, labor unions and health care centers.

Sec. 2. (NEW) (*Effective January 1, 2008*) (a) Except as provided in subsection (d) of this section, no person shall act as a pharmacy benefits manager in this state without first obtaining a certificate of registration from the commissioner.

(b) Any person seeking a certificate of registration shall apply to the commissioner, in writing, on a form provided by the commissioner. The application form shall state (1) the name, address, official position and professional qualifications of each individual responsible for the conduct of the affairs of the pharmacy benefits manager, including all members of the board of directors, board of trustees, executive committee, other governing board or committee, the principal officers in the case of a corporation, the partners or members in the case of a partnership or association and any other person who exercises control or influence over the affairs of the pharmacy benefits manager, and (2) the name and address of the applicant's agent for service of process in this state.

(c) Each application for a certificate of registration shall be

Senate Bill No. 74

accompanied by (1) a nonrefundable fee of fifty dollars, and (2) evidence of a surety bond in an amount equivalent to ten per cent of one month of claims in this state over a twelve-month average, except that such bond shall not be less than twenty-five thousand dollars or more than one million dollars.

(d) Any pharmacy benefits manager operating as a line of business or affiliate of a health insurer, health care center, hospital service corporation, medical service corporation or fraternal benefit society licensed in this state or any affiliate of such health insurer, health care center, hospital service corporation, medical service corporation or fraternal benefit society shall not be required to obtain a certificate of registration. Such health insurer, health care center, hospital service corporation, medical service corporation or fraternal benefit society shall notify the commissioner annually, in writing, on a form provided by the commissioner, that it is affiliated with or operating a business as a pharmacy benefits manager.

(e) Any person acting as a pharmacy benefits manager on January 1, 2008, and required to obtain a certificate of registration under subsection (a) of this section, shall obtain a certificate of registration from the commissioner not later than April 1, 2008, in order to continue to do business in this state.

Sec. 3. (NEW) (*Effective January 1, 2008*) (a) Upon receipt of a completed application, evidence of a surety bond and fee, the commissioner shall: (1) Issue and deliver to the applicant a certificate of registration; or (2) refuse to issue the certificate.

(b) The commissioner may suspend, revoke or refuse to issue or renew any certificate of registration for: (1) Conduct of a character likely to mislead, deceive or defraud the public or the commissioner; (2) unfair or deceptive business practices; or (3) nonpayment of the renewal fee.

Senate Bill No. 74

(c) The commissioner shall not suspend or revoke any certificate of registration except upon notice and hearing in accordance with chapter 54 of the general statutes.

Sec. 4. (NEW) (*Effective January 1, 2008*) (a) Upon refusal to issue or renew a certificate, the commissioner shall notify the applicant of the denial and of the applicant's right to request a hearing within ten days from the date of receipt of the notice of denial.

(b) If the applicant requests a hearing within such ten days, the commissioner shall give notice of the grounds for the commissioner's refusal and shall conduct a hearing concerning such refusal in accordance with the provisions of chapter 54 of the general statutes concerning contested cases.

(c) If the commissioner's denial of a certificate is sustained after such hearing, an applicant may make a new application not less than one year after the date on which such denial was sustained.

Sec. 5. (NEW) (*Effective January 1, 2008*) The commissioner may conduct investigations and hold hearings on any matter under the provisions of sections 1 to 8, inclusive, of this act. The commissioner may issue subpoenas, administer oaths, compel testimony and order the production of books, records and documents. If any person refuses to appear, to testify or to produce any book, record, paper or document when so ordered, upon application of the commissioner, a judge of the Superior Court may make such order as may be appropriate to aid in the enforcement of this section.

Sec. 6. (NEW) (*Effective January 1, 2008*) (a) All certificates of registration issued under section 3 of this act shall expire annually on December thirty-first.

(b) Any person seeking to renew a certificate of registration shall apply to the commissioner, in writing, on a form provided by the

Senate Bill No. 74

commissioner. The application for renewal shall be in such form as the commissioner prescribes. Such application shall be accompanied by a nonrefundable fee of fifty dollars. Any late payment of such fee shall include a penalty fee of fifty dollars.

Sec. 7. (NEW) (*Effective January 1, 2008*) The commissioner shall adopt regulations, in accordance with chapter 54 of the general statutes, to implement the provisions of sections 1 to 8, inclusive, of this act. Such regulations shall specify the contents of the application form and any other form or report required under the provisions of said sections.

Sec. 8. (NEW) (*Effective January 1, 2008*) Any person aggrieved by an order or decision of the commissioner under sections 1 to 8, inclusive, of this act may appeal therefrom in accordance with the provisions of section 4-183 of the general statutes.

Sec. 9. Subsection (a) of section 38a-11 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2008*):

(a) The commissioner shall demand and receive the following fees: (1) For the annual fee for each license issued to a domestic insurance company, one hundred dollars; (2) for receiving and filing annual reports of domestic insurance companies, twenty-five dollars; (3) for filing all documents prerequisite to the issuance of a license to an insurance company, one hundred seventy-five dollars, except that the fee for such filings by any health care center, as defined in section 38a-175, shall be one thousand one hundred dollars; (4) for filing any additional paper required by law, fifteen dollars; (5) for each certificate of valuation, organization, reciprocity or compliance, twenty dollars; (6) for each certified copy of a license to a company, twenty dollars; (7) for each certified copy of a report or certificate of condition of a company to be filed in any other state, twenty dollars; (8) for

Senate Bill No. 74

amending a certificate of authority, one hundred dollars; (9) for each license issued to a rating organization, one hundred dollars. In addition, insurance companies shall pay any fees imposed under section 12-211; (10) a filing fee of twenty-five dollars for each initial application for a license made pursuant to section 38a-769; (11) with respect to insurance agents' appointments: (A) A filing fee of twenty-five dollars for each request for any agent appointment, except that no filing fee shall be payable for a request for agent appointment by an insurance company domiciled in a state or foreign country which does not require any filing fee for a request for agent appointment for a Connecticut insurance company; (B) a fee of forty dollars for each appointment issued to an agent of a domestic insurance company or for each appointment continued; and (C) a fee of twenty dollars for each appointment issued to an agent of any other insurance company or for each appointment continued, except that no fee shall be payable for an appointment issued to an agent of an insurance company domiciled in a state or foreign country which does not require any fee for an appointment issued to an agent of a Connecticut insurance company; (12) with respect to insurance producers: (A) An examination fee of seven dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of seven dollars to the commissioner for each examination taken by an applicant; (B) a fee of forty dollars for each license issued; (C) a fee of forty dollars per year, or any portion thereof, for each license renewed; and (D) a fee of forty dollars for any license renewed under the transitional process established in section 38a-784; (13) with respect to public adjusters: (A) An examination fee of seven dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of seven dollars to the commissioner for each examination taken by an applicant; and (B) a fee of one hundred twenty-five dollars for each license issued or renewed; (14) with respect to casualty adjusters: (A) An examination fee of ten dollars for each examination taken, except when a testing service is used, the

Senate Bill No. 74

testing service shall pay a fee of ten dollars to the commissioner for each examination taken by an applicant; (B) a fee of forty dollars for each license issued or renewed; and (C) the expense of any examination administered outside the state shall be the responsibility of the entity making the request and such entity shall pay to the commissioner one hundred dollars for such examination and the actual traveling expenses of the examination administrator to administer such examination; (15) with respect to motor vehicle physical damage appraisers: (A) An examination fee of forty dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of forty dollars to the commissioner for each examination taken by an applicant; (B) a fee of forty dollars for each license issued or renewed; and (C) the expense of any examination administered outside the state shall be the responsibility of the entity making the request and such entity shall pay to the commissioner one hundred dollars for such examination and the actual traveling expenses of the examination administrator to administer such examination; (16) with respect to certified insurance consultants: (A) An examination fee of thirteen dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of thirteen dollars to the commissioner for each examination taken by an applicant; (B) a fee of two hundred dollars for each license issued; and (C) a fee of one hundred twenty-five dollars for each license renewed; (17) with respect to surplus lines brokers: (A) An examination fee of ten dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of ten dollars to the commissioner for each examination taken by an applicant; and (B) a fee of five hundred dollars for each license issued or renewed; (18) with respect to fraternal agents, a fee of forty dollars for each license issued or renewed; (19) a fee of thirteen dollars for each license certificate requested, whether or not a license has been issued; (20) with respect to domestic and foreign benefit societies shall pay: (A) For service of process, twenty-five dollars for each person or

Senate Bill No. 74

insurer to be served; (B) for filing a certified copy of its charter or articles of association, five dollars; (C) for filing the annual report, ten dollars; and (D) for filing any additional paper required by law, three dollars; (21) with respect to foreign benefit societies: (A) For each certificate of organization or compliance, four dollars; (B) for each certified copy of permit, two dollars; and (C) for each copy of a report or certificate of condition of a society to be filed in any other state, four dollars; (22) with respect to reinsurance intermediaries: A fee of five hundred dollars for each license issued or renewed; (23) with respect to viatical settlement providers: (A) A filing fee of thirteen dollars for each initial application for a license made pursuant to section 38a-465a; and (B) a fee of twenty dollars for each license issued or renewed; (24) with respect to viatical settlement brokers: (A) A filing fee of thirteen dollars for each initial application for a license made pursuant to section 38a-465a; and (B) a fee of twenty dollars for each license issued or renewed; (25) with respect to viatical settlement investment agents: (A) A filing fee of thirteen dollars for each initial application for a license made pursuant to section 38a-465a; and (B) a fee of twenty dollars for each license issued or renewed; (26) with respect to preferred provider networks, a fee of two thousand five hundred dollars for each license issued or renewed; (27) with respect to rental companies, as defined in section 38a-799, a fee of forty dollars for each permit issued or renewed; (28) with respect to medical discount plan organizations licensed under section 38a-479rr, a fee of five hundred dollars for each license issued or renewed; (29) with respect to pharmacy benefits managers, an application fee of fifty dollars for each registration issued or renewed; and [(29)] (30) with respect to each duplicate license issued a fee of twenty-five dollars for each license issued.

Sec. 10. Subdivision (7) of subsection (a) of section 38a-479aa of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2008*):

Senate Bill No. 74

(7) "Preferred provider network" means a person, which is not a managed care organization, but which pays claims for the delivery of health care services, accepts financial risk for the delivery of health care services and establishes, operates or maintains an arrangement or contract with providers relating to (A) the health care services rendered by the providers, and (B) the amounts to be paid to the providers for such services. "Preferred provider network" does not include (i) a workers' compensation preferred provider organization established pursuant to section 31-279-10 of the regulations of Connecticut state agencies, (ii) an independent practice association or physician hospital organization whose primary function is to contract with insurers and provide services to providers, [or] (iii) a clinical laboratory, licensed pursuant to section 19a-30, whose primary payments for any contracted or referred services are made to other licensed clinical laboratories or for associated pathology services, or (iv) a pharmacy benefits manager responsible for administering pharmacy claims whose primary function is to administer the pharmacy benefit on behalf of a health benefit plan.

Approved July 6, 2007