



General Assembly

**Amendment**

January Session, 2007

LCO No. 7488

\*SB0007407488SD0\*

Offered by:

SEN. CRISCO, 17<sup>th</sup> Dist.

REP. O'CONNOR, 35<sup>th</sup> Dist.

To: Senate Bill No. 74

File No. 236

Cal. No. 244

**"AN ACT CONCERNING OVERSIGHT OF PHARMACY BENEFIT  
MANAGEMENT PLANS."**

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective January 1, 2008*) As used in this section  
4 and sections 2 to 9, inclusive, of this act:

5 (1) "Commissioner" means the Insurance Commissioner;

6 (2) "Department" means the Insurance Department;

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

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

11 (5) "Pharmacist services" includes (A) drug therapy and other

12 patient care services provided by a licensed pharmacist intended to  
13 achieve outcomes related to the cure or prevention of a disease,  
14 elimination or reduction of a patient's symptoms, and (B) education or  
15 intervention by a licensed pharmacist intended to arrest or slow a  
16 disease process;

17 (6) "Pharmacist" means an individual licensed to practice pharmacy  
18 under section 20-590, 20-591, 20-592 or 20-593 of the general statutes,  
19 and who is thereby recognized as a health care provider by the state of  
20 Connecticut;

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

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

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

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

44 the name and address of the applicant's agent for service of process in  
45 this state.

46 (c) Each application for a certificate of registration shall be  
47 accompanied by (1) a nonrefundable fee of fifty dollars, and (2)  
48 evidence of a surety bond in an amount equivalent to one month of  
49 claims over a twelve-month average.

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

61 (e) Any person acting as a pharmacy benefits manager on January 1,  
62 2008, and required to obtain a certificate of registration under  
63 subsection (a) of this section, shall obtain a certificate of registration  
64 from the commissioner not later than April 1, 2008, in order to  
65 continue to do business in this state.

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

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

75 (c) The commissioner shall not suspend or revoke any certificate of  
76 registration except upon notice and hearing in accordance with chapter  
77 54 of the general statutes.

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

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

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

90 Sec. 5. (NEW) (*Effective January 1, 2008*) The commissioner may  
91 conduct investigations and hold hearings on any matter under the  
92 provisions of sections 1 to 9, inclusive, of this act. The commissioner  
93 may issue subpoenas, administer oaths, compel testimony and order  
94 the production of books, records and documents. If any person refuses  
95 to appear, to testify or to produce any book, record, paper or document  
96 when so ordered, upon application of the commissioner, a judge of the  
97 Superior Court may make such order as may be appropriate to aid in  
98 the enforcement of this section.

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

102 (b) Any person seeking to renew a certificate of registration shall  
103 apply to the commissioner, in writing, on a form provided by the  
104 commissioner. The application for renewal shall be in such form as the  
105 commissioner prescribes. Such application shall be accompanied by a

106 nonrefundable fee of fifty dollars. Any late payment of such fee shall  
107 include a penalty fee of fifty dollars.

108 Sec. 7. (NEW) (*Effective January 1, 2008*) The commissioner shall  
109 adopt regulations, in accordance with chapter 54 of the general  
110 statutes, to implement the provisions of sections 1 to 9, inclusive, of  
111 this act. Such regulations shall specify the contents of the application  
112 form and any other form or report required under the provisions of  
113 said sections.

114 Sec. 8. (NEW) (*Effective January 1, 2008*) Any person aggrieved by an  
115 order or decision of the commissioner under sections 1 to 9, inclusive,  
116 of this act may appeal therefrom in accordance with the provisions of  
117 section 4-183 of the general statutes.

118 Sec. 9. (NEW) (*Effective January 1, 2008*) Any person who engages in  
119 the business of a pharmacy benefits manager without obtaining a  
120 certificate of registration as required by section 2 of this act shall be  
121 fined not more than five hundred dollars.

122 Sec. 10. Subsection (a) of section 38a-11 of the general statutes is  
123 repealed and the following is substituted in lieu thereof (*Effective*  
124 *January 1, 2008*):

125 (a) The commissioner shall demand and receive the following fees:  
126 (1) For the annual fee for each license issued to a domestic insurance  
127 company, one hundred dollars; (2) for receiving and filing annual  
128 reports of domestic insurance companies, twenty-five dollars; (3) for  
129 filing all documents prerequisite to the issuance of a license to an  
130 insurance company, one hundred seventy-five dollars, except that the  
131 fee for such filings by any health care center, as defined in section 38a-  
132 175, shall be one thousand one hundred dollars; (4) for filing any  
133 additional paper required by law, fifteen dollars; (5) for each certificate  
134 of valuation, organization, reciprocity or compliance, twenty dollars;  
135 (6) for each certified copy of a license to a company, twenty dollars; (7)  
136 for each certified copy of a report or certificate of condition of a  
137 company to be filed in any other state, twenty dollars; (8) for

138 amending a certificate of authority, one hundred dollars; (9) for each  
139 license issued to a rating organization, one hundred dollars. In  
140 addition, insurance companies shall pay any fees imposed under  
141 section 12-211; (10) a filing fee of twenty-five dollars for each initial  
142 application for a license made pursuant to section 38a-769; (11) with  
143 respect to insurance agents' appointments: (A) A filing fee of twenty-  
144 five dollars for each request for any agent appointment, except that no  
145 filing fee shall be payable for a request for agent appointment by an  
146 insurance company domiciled in a state or foreign country which does  
147 not require any filing fee for a request for agent appointment for a  
148 Connecticut insurance company; (B) a fee of forty dollars for each  
149 appointment issued to an agent of a domestic insurance company or  
150 for each appointment continued; and (C) a fee of twenty dollars for  
151 each appointment issued to an agent of any other insurance company  
152 or for each appointment continued, except that no fee shall be payable  
153 for an appointment issued to an agent of an insurance company  
154 domiciled in a state or foreign country which does not require any fee  
155 for an appointment issued to an agent of a Connecticut insurance  
156 company; (12) with respect to insurance producers: (A) An  
157 examination fee of seven dollars for each examination taken, except  
158 when a testing service is used, the testing service shall pay a fee of  
159 seven dollars to the commissioner for each examination taken by an  
160 applicant; (B) a fee of forty dollars for each license issued; (C) a fee of  
161 forty dollars per year, or any portion thereof, for each license renewed;  
162 and (D) a fee of forty dollars for any license renewed under the  
163 transitional process established in section 38a-784; (13) with respect to  
164 public adjusters: (A) An examination fee of seven dollars for each  
165 examination taken, except when a testing service is used, the testing  
166 service shall pay a fee of seven dollars to the commissioner for each  
167 examination taken by an applicant; and (B) a fee of one hundred  
168 twenty-five dollars for each license issued or renewed; (14) with  
169 respect to casualty adjusters: (A) An examination fee of ten dollars for  
170 each examination taken, except when a testing service is used, the  
171 testing service shall pay a fee of ten dollars to the commissioner for  
172 each examination taken by an applicant; (B) a fee of forty dollars for

173 each license issued or renewed; and (C) the expense of any  
174 examination administered outside the state shall be the responsibility  
175 of the entity making the request and such entity shall pay to the  
176 commissioner one hundred dollars for such examination and the  
177 actual traveling expenses of the examination administrator to  
178 administer such examination; (15) with respect to motor vehicle  
179 physical damage appraisers: (A) An examination fee of forty dollars  
180 for each examination taken, except when a testing service is used, the  
181 testing service shall pay a fee of forty dollars to the commissioner for  
182 each examination taken by an applicant; (B) a fee of forty dollars for  
183 each license issued or renewed; and (C) the expense of any  
184 examination administered outside the state shall be the responsibility  
185 of the entity making the request and such entity shall pay to the  
186 commissioner one hundred dollars for such examination and the  
187 actual traveling expenses of the examination administrator to  
188 administer such examination; (16) with respect to certified insurance  
189 consultants: (A) An examination fee of thirteen dollars for each  
190 examination taken, except when a testing service is used, the testing  
191 service shall pay a fee of thirteen dollars to the commissioner for each  
192 examination taken by an applicant; (B) a fee of two hundred dollars for  
193 each license issued; and (C) a fee of one hundred twenty-five dollars  
194 for each license renewed; (17) with respect to surplus lines brokers: (A)  
195 An examination fee of ten dollars for each examination taken, except  
196 when a testing service is used, the testing service shall pay a fee of ten  
197 dollars to the commissioner for each examination taken by an  
198 applicant; and (B) a fee of five hundred dollars for each license issued  
199 or renewed; (18) with respect to fraternal agents, a fee of forty dollars  
200 for each license issued or renewed; (19) a fee of thirteen dollars for  
201 each license certificate requested, whether or not a license has been  
202 issued; (20) with respect to domestic and foreign benefit societies shall  
203 pay: (A) For service of process, twenty-five dollars for each person or  
204 insurer to be served; (B) for filing a certified copy of its charter or  
205 articles of association, five dollars; (C) for filing the annual report, ten  
206 dollars; and (D) for filing any additional paper required by law, three  
207 dollars; (21) with respect to foreign benefit societies: (A) For each

208 certificate of organization or compliance, four dollars; (B) for each  
209 certified copy of permit, two dollars; and (C) for each copy of a report  
210 or certificate of condition of a society to be filed in any other state, four  
211 dollars; (22) with respect to reinsurance intermediaries: A fee of five  
212 hundred dollars for each license issued or renewed; (23) with respect  
213 to viatical settlement providers: (A) A filing fee of thirteen dollars for  
214 each initial application for a license made pursuant to section 38a-465a;  
215 and (B) a fee of twenty dollars for each license issued or renewed; (24)  
216 with respect to viatical settlement brokers: (A) A filing fee of thirteen  
217 dollars for each initial application for a license made pursuant to  
218 section 38a-465a; and (B) a fee of twenty dollars for each license issued  
219 or renewed; (25) with respect to viatical settlement investment agents:  
220 (A) A filing fee of thirteen dollars for each initial application for a  
221 license made pursuant to section 38a-465a; and (B) a fee of twenty  
222 dollars for each license issued or renewed; (26) with respect to  
223 preferred provider networks, a fee of two thousand five hundred  
224 dollars for each license issued or renewed; (27) with respect to rental  
225 companies, as defined in section 38a-799, a fee of forty dollars for each  
226 permit issued or renewed; (28) with respect to medical discount plan  
227 organizations licensed under section 38a-479rr, a fee of five hundred  
228 dollars for each license issued or renewed; (29) with respect to  
229 pharmacy benefits managers, an application fee of fifty dollars for each  
230 registration issued or renewed; and [(29)] (30) with respect to each  
231 duplicate license issued a fee of twenty-five dollars for each license  
232 issued.

233 Sec. 11. Subdivision (7) of subsection (a) of section 38a-479aa of the  
234 general statutes is repealed and the following is substituted in lieu  
235 thereof (*Effective January 1, 2008*):

236 (7) "Preferred provider network" means a person, which is not a  
237 managed care organization, but which pays claims for the delivery of  
238 health care services, accepts financial risk for the delivery of health  
239 care services and establishes, operates or maintains an arrangement or  
240 contract with providers relating to (A) the health care services  
241 rendered by the providers, and (B) the amounts to be paid to the

242 providers for such services. "Preferred provider network" does not  
 243 include (i) a workers' compensation preferred provider organization  
 244 established pursuant to section 31-279-10 of the regulations of  
 245 Connecticut state agencies, (ii) an independent practice association or  
 246 physician hospital organization whose primary function is to contract  
 247 with insurers and provide services to providers, [or] (iii) a clinical  
 248 laboratory, licensed pursuant to section 19a-30, whose primary  
 249 payments for any contracted or referred services are made to other  
 250 licensed clinical laboratories or for associated pathology services, or  
 251 (iv) a pharmacy benefits manager responsible for administering  
 252 pharmacy claims whose primary function is to administer the  
 253 pharmacy benefit on behalf of a health benefit plan."

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2008	New section
Sec. 2	January 1, 2008	New section
Sec. 3	January 1, 2008	New section
Sec. 4	January 1, 2008	New section
Sec. 5	January 1, 2008	New section
Sec. 6	January 1, 2008	New section
Sec. 7	January 1, 2008	New section
Sec. 8	January 1, 2008	New section
Sec. 9	January 1, 2008	New section
Sec. 10	January 1, 2008	38a-11(a)
Sec. 11	January 1, 2008	38a-479aa(a)(7)
Sec. 12	January 1, 2008	38a-816(15)