

11 NCAC 24 .0101 is proposed for adoption as follows:

CHAPTER 24 – PHARMACY BENEFITS MANAGEMENT

SECTION .0100 - GENERAL PROVISIONS

11 NCAC 24 .0101 DEFINITIONS: LICENSE APPLICATIONS

- (a) The definitions in G.S. 58-56A-1 are incorporated into this Chapter by reference.
- (b) The following definitions apply in this Chapter:
 - (1) “Control.” Defined in G.S. 58-19-5(2).
 - (2) “Insurance.” Any coverage offered or provided by an insurer.
 - (3) “Material modification.” Any material change in a PBM’s ownership, control, or other fact or circumstance affecting the PBM’s qualification for a license in this State.
- (c) The following items shall be filed in order to constitute a complete application submission for initial or renewal PBM licensure:
 - (1) Transmittal form;
 - (2) A completed pharmacy benefits application form;
 - (3) Biographical form(s) completed by principal officers;
 - (4) All organizational documents of the PBM, including any articles of incorporation, articles of association, partnership agreement, trade name certificate, or trust agreement, any other applicable documents, and all amendments to these documents;
 - (5) The bylaws, rules, regulations, or similar documents regulating the internal affairs of the PBM;
 - (6) Annual financial statements or reports for the two most recent years that prove that the applicant is solvent and any other information the Commissioner may require in order to review the current financial condition of the applicant;
 - (7) A general description of the business operations, including information on staffing levels and activities proposed in this State and nationwide. The description must provide details setting forth the PBM's capability for providing a sufficient number of experienced and qualified personnel in the areas of claims processing and record keeping;
 - (8) A power of attorney duly executed by the PBM, if not domiciled in North Carolina, appointing the Commissioner as attorney for the PBM in and for this State, upon whom process in any legal action or proceeding against the PBM on a cause of action arising in this State may be served; and
 - (9) Evidence of maintenance of a fidelity bond, errors and omissions liability insurance or other security.
- (d) Each applicant shall make available for inspection by the Commissioner copies of all contracts with insurers or other persons using the services of the PBM.

1 (e) An applicant or PBM shall notify the Commissioner of any material modification within 30 business days
2 after the change.

3 (f) Copies of all forms may be obtained from the Department.
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5 *History Note: Authority G.S. 58-2-40; 58-16-30; 58-19-5; 58-56A-2;*
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1 11 NCAC 24 .0102 is proposed for adoption as follows:

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3 **11 NCAC 24 .0102 FEES**

4 (a) The initial application fee for a PBM license shall be \$2,000.

5 (b) The annual renewal fee for a PBM license shall be \$1,500.

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7 *History Note: Authority G.S. 58-2-40; 58-56A-2.*

1 11 NCAC 24 .0103 is proposed for adoption as follows:

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3 **11 NCAC 24 .0103 FINANCIAL STATEMENTS**

4 The financial statements required by 11 NCAC 24 .0101(c)(6) shall include a balance sheet, a statement of operations,
5 and a statement of cash flows for the PBM's two most recent fiscal years. Financial statements shall be prepared by
6 an independent certified public accountant. Financial statements of a PBM's parent company are acceptable if those
7 statements contain consolidating schedules that include a breakout of the finances of the PBM, and if the certified
8 public accountant's opinion letter does not disclaim association with the consolidating schedules.

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10 *History Note: Authority G.S. 58-2-40; 58-2-205; 58-56A-2.*

1 11 NCAC 24 .0101 is proposed for adoption as follows:

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3 **11 NCAC 24 .0104 DETERMINATION OF FINANCIAL RESPONSIBILITY**

4 In determining the financial responsibility of an applicant for a PBM license, the Department shall require that an
5 applicant be solvent. In addition, the Department shall consider:

- 6 (1) Liquidity;
7 (2) Any internal controls the applicant may have in place to afford protection for benefit plans, which
8 may include the manner in which benefit plan fund accounts are established; and
9 (3) Segregation of duties.

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11 *History Note: Authority G.S. 58-2-40; 58-56A-2.*

1 11 NCAC 24 .0105 is proposed for adoption as follows:

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3 **11 NCAC 24 .0105 CLAIM PROCESSING BY PBMS**

4 A PBM or an employee of a PBM does not have to have a license to adjust insurance claims for an insurer with which
5 the PBM has a written agreement to provide claims processing services.

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7 *History Note: Authority G.S. 58-2-40; 58-56A-1(4); 58-56A-2.*

1 11 NCAC 24 .0106 is proposed for adoption as follows:

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3 **11 NCAC 24 .0106 PAYMENT OF CLAIMS**

4 If claims filed with a PBM or insurer are not paid within 30 days after receipt of the initial claim by the PBM or the
5 insurer, the PBM or the insurer shall at that time mail a claim status report to the claimant.

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7 *History Note: Authority G.S. 58-2-40; 58-3-225; 58-56A-2.*

11 NCAC 24 .0107 is proposed for adoption as follows:

11 NCAC 24 .0107 GENERAL ADMINISTRATION

Every PBM shall:

- (1) Establish a governing body that is authorized to set policy for the organization.
- (2) Maintain complete corporate records in a secure and accessible location.
- (3) Employ a management information system that is able to provide information on all areas of the PBM operations.
- (4) Set internal policies and procedures for contract management.

History Note: Authority G.S. 58-2-40; 58-56A-2.

11 NCAC 24 .0108 is proposed for adoption as follows:

11 NCAC 24 .0108 CLAIMS PROCESSING

(a) Each PBM's claims processing service shall be supported by a set of written policies, procedures, and performance standards related to timeliness in payment of claims and its financial operations.

(b) Each PBM shall develop and implement a claims processing internal audit and a quality assurance program to monitor and improve claims processing services.

(c) Each PBM shall be accessible to insureds, insurers, and pharmacist by telephone to respond to inquiries about claims payments.

History Note: Authority G.S. 58-2-40; 58-56A-1(4); 58-56A-2.