

# Kentucky Accepting Applications for New Pharmacy Benefit Manager License

The Kentucky Department of Insurance is accepting applications for the newly created Pharmacy Benefit Manager license. Interested parties are urged to submit applications as soon as possible to ensure there is time to review all documentation before the deadline.

Under Kentucky law, all pharmacy benefit managers must be licensed by Jan. 1, 2017. As of that date, an entity may not do business in the commonwealth until the license is issued. There will be no extensions. The license will expire on March 31 of each year and must be renewed annually.

If the information is submitted after the Jan. 1 deadline, an additional penalty of \$500 must be paid.

To obtain a license, an applicant must submit the application (link below), include a nonrefundable fee of \$1,000, and provide evidence of financial responsibility of \$1 million.

Evidence of financial responsibility may include a certificate of insurance (declarations page or other document outlining details of the policy) showing at least \$1 million in liability coverage or a cash surety bond for \$1 million. The Department does not require this information to be submitted in any particular format.

The entity applying for licensure must provide the name of at least one responsible individual who is licensed as an administrator in Kentucky and is designated to act under the business entity license. In addition, the licensee must include the pharmacy benefit manager's utilization review registration number (if performing utilization review functions); an appeals dispute resolution process; a maximum allowable cost appeals process; exceptions and override policies; pharmacy and therapeutics committee membership standards and duties, and proof of registration with the Kentucky Secretary of State.

## **Relevant links**

Pharmacy Benefit Manager License Application:

<http://insurance.ky.gov/Documents/PBMlicapp102816.pdf>

Pharmacy Benefit Manager Application Guide:

<http://insurance.ky.gov/Documents/PBMcrosswalk111516.pdf>

Pharmacy Benefit Manager Regulation 806 KAR 9:360:

<http://www.lrc.ky.gov/kar/806/009/360.htm>

KRS 304.9-053:

<http://www.lrc.ky.gov/Statutes/statute.aspx?id=45110>

KRS 304.9-054:

<http://www.lrc.ky.gov/Statutes/statute.aspx?id=45111>

KRS 304.9-055:

<http://www.lrc.ky.gov/Statutes/statute.aspx?id=45112>