

3 AAC 23 is amended by adding new sections to read:

3 AAC 23.093. Pharmacy benefits manager registration. (a) A person applying to be a pharmacy benefits manager shall apply on the forms provided by the director.

(b) To qualify for issuance or renewal of a registration, an applicant or registrant

(1) must be a trustworthy person in accordance with AS 21.27.020(a)(4);

(2) may not have committed an act that is a cause for denial, nonrenewal, suspension, or revocation of a registration or license in this state, another state, or another jurisdiction;

(3) must disclose to the director

(A) information in accordance with AS 21.27.040(a) for each owner, officer, director, or partner, including identity, professional history, professional experience, and a curriculum vitae or resume;

(B) each administrative action taken against an owner, officer, director, or partner by a governmental agency of the state or of another state or jurisdiction, or by a financial industry regulatory authority sanction or arbitration proceeding, if applicable;

(C) a criminal prosecution of an owner, officer, director, or partner in this state or another state or jurisdiction, including

(i) the criminal complaint;

(ii) the calendaring order; and

(iii) other relevant legal documents; and

(4) must submit the following with an application as set out in (a) of this section:

(A) the application fee required under 3 AAC 31.020(a);

(B) all basic organizational documents of the pharmacy benefits manager, including articles of incorporation, articles of association, partnership agreement, trade name certificate, trust agreement, shareholder agreement, and other applicable documents and all endorsements to the required documents;

(C) the name and address of the pharmacy benefits manager agent for service of process in this state;

(D) the bylaws, rules, regulations, or similar documents regulating the internal affairs of the pharmacy benefits manager;

(E) the names, electronic mailing addresses, physical addresses, official positions, and curricula vitae or resumes of persons who are responsible for the conduct of affairs of the pharmacy benefits manager, including each

(i) member of the board of directors;

(ii) member of the board of trustees;

(iii) member of the executive committee or other governing board or committee;

(iv) principal officer in the case of a corporation;

(v) partner or member in the case of a partnership, limited liability company, limited liability partnership, or association;

(vi) shareholder that holds directly or indirectly 10 percent or more of the voting securities of the pharmacy benefits manager; or

(vii) other person who exercises control or influence over the affairs of the pharmacy benefits manager;

(F) certified financial statements for the preceding two years, or for each

year and partial year that the applicant has been in business if less than two years; the certified financial statements must

(i) be prepared by an independent certified public accountant;

(ii) establish that the applicant is solvent;

(iii) establish that the applicant's system of accounting, internal control, and procedure is operating effectively to provide reasonable assurance that money is promptly accounted for and paid to the person entitled to the money; and

(iv) provide any other information that the director may require to review the current financial condition of the applicant; and

(G) written notification from a pharmacy benefits manager or applicant to the director not later than 30 days after

(i) a change in the information contained within the pharmacy benefits manager or applicant's registration, place of business, electronic mailing address, physical mailing address, or telephone number;

(ii) the final disposition of an administrative action taken against the registrant or an owner, officer, director, or partner of the registrant by a governmental agency of this state or of another state, by a governmental agency of another jurisdiction, or by a financial industry regulatory authority sanction or arbitration proceeding; in addition, a registrant shall submit to the director documents relating to the final disposition on the action, including the final order and other relevant legal documents; or

(iii) the conviction of a misdemeanor or felony of the pharmacy

benefits manager, or any of its officers, directors, partners, or owners.

(c) Failure to disclose information required under (b)(4)(G) of this section during the 30-day period is cause for denial, revocation, or suspension of registration. (Eff. ____/____/____, Register _____)

Authority: AS 21.06.090 AS 21.27.901

3 AAC 23.096. Pharmacy benefits manager structure and operation requirements.

A pharmacy benefits manager shall maintain complete books and records of claims reimbursements about each insurer for which the pharmacy benefits manager provides pharmacy benefits management services to record storage schedules in accordance with AS 21.27.350. The director shall have access to the books and records maintained by a pharmacy benefits manager for the purposes of examining the pharmacy benefits manager's affairs. A pharmacy benefits manager shall provide books and records to the director upon request and not later than 10 calendar days after receiving the director's request. A pharmacy benefits manager shall maintain records for at least

(1) the duration of the agreement between the pharmacy benefits manager and the insurer; or

(2) three years after the pharmacy benefits manager ceases to provide pharmacy benefits management services to the insurer. (Eff. ____/____/____, Register _____)

Authority: AS 21.06.090 AS 21.27.953

3 AAC 23.099. Penalties. In addition to other penalties provided under the laws of this state, a pharmacy benefits manager that is found to have violated AS 21.27.901(d), 21.27.952,

applicable provisions of 3 AAC 23.093 or 3 AAC 23.096, or other applicable provisions of AS 21 or 3 AAC 21 - 3 AAC 31 is subject to

(1) a civil penalty of not more than \$10,000 for each violation;

(2) a civil penalty of not more than \$25,000 for each violation if the director determines that the pharmacy benefits manager wilfully violated the provisions addressed in this section; or

(3) suspension or revocation of registration. (Eff. ____/____/_____, Register ____)

Authority: AS 21.06.090 AS 21.27.952 AS 21.27.953
AS 21.27.901

The introductory language of 3 AAC 31.020(a) is amended to read:

3 AAC 31.020. Insurance producer, managing general agent, reinsurance intermediary manager, reinsurance intermediary broker, controlling insurance producer, third-party administrator, pharmacy benefits manager, and independent adjuster fees. (a)

The following fees are established for resident and nonresident licenses, for insurance producers, managing general agents, reinsurance intermediary managers, reinsurance intermediary brokers, controlling insurance producers, third-party administrators, pharmacy benefits managers, and independent adjusters:

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3 AAC 31.020(a)(5) is amended to read:

(5) initial application or biennial renewal for the registration of a resident or

nonresident third-party administrator **or pharmacy benefits manager** for an individual or firm, including issuance of the registration, if issued, **\$5,000** [\$300].

(Eff. 8/30/86, Register 99; am 6/2/88, Register 106; am 7/1/92, Register 123; am 4/20/97, Register 142; am 9/24/99, Register 151; am 10/13/2011, Register 200; am 9/4/2014, Register 211; am ____/____/_____, Register _____)

Authority: AS 21.06.090 AS 21.27.150 AS 21.27.390
 AS 21.06.250 AS 21.27.380 **AS 21.27.901**

3 AAC 31.060(a) is amended by adding a new paragraph to read:

(38) fee for late quarterly filing from a third-party administrator or exempt third-party administrator, \$500.

((Publisher: Please change the period at the end of 3 AAC 31.060(a)(37) to a semicolon.))

3 AAC 31.060(c) is amended to read:

(c) If an individual applies to be exempt from licensing as a managing general agent, reinsurance intermediary manager, or reinsurance intermediary broker or from registration as a third-party administrator, the fee is **\$1,000** [\$100].

(Eff. 6/2/88, Register 106; am 7/1/89, Register 110; am 7/1/92, Register 123; am 3/30/94, Register 129; am 3/15/97, Register 141; am 8/23/2001, Register 159; am 12/30/2006, Register 180; am 10/13/2011, Register 200; am 1/1/2014, Register 208; am 9/4/2014, Register 211; am 11/26/2015, Register 216; am 8/20/2016, Register 219; am 3/3/2018, Register 225; am 3/15/2018, Register 225; am 12/20/2020, Register 236; am ____/____/_____, Register _____)

Authority: AS 21.06.090 AS 21.36.355 AS 21.61.105

AS 21.06.250

AS 21.59.140

AS 21.61.109

AS 21.27.010

AS 21.59.160

AS 21.66.210

AS 21.27.025

AS 21.59.200

AS 21.75.045

AS 21.34.040