

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

INSURANCE

PHARMACY BENEFIT MANAGER LICENSURE AND REGULATION

Filed with the secretary of state on January 2, 2024

These rules become effective immediately after filing with the secretary of state unless adopted under section 33, 44, or 45a(9) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233, 24.244, or 24.245a. Rules adopted under these sections become effective 7 days after filing with the secretary of state.

(By authority conferred on the director of the department of insurance and financial services by sections 11 and 13 of the pharmacy benefit manager licensure and regulation act, 2022 PA 11, MCL 550.821 and 550.823)

R 500.31, R 500.32, R 500.33, R 500.34, and R 500.35 are added to the Michigan Administrative Code, as follows:

R 500.31 Definitions.

Rule 1. (1) As used in these rules:

- (a) “Act” means the pharmacy benefit manager licensure and regulation act, 2022 PA 11, MCL 550.811 to 550.845.
- (2) A term defined in the act has the same meaning when used in these rules.

R 500.32 Scope and applicability.

Rule 2. These rules establish all of the following:

- (a) The application contents and fee.
- (b) The license renewal schedule and renewal fee.
- (c) Standards regarding fines and suspension, a restriction, and revocation of a license.

R 500.33 Application contents and fee; supplemental documents.

Rule 3. (1) To obtain a license, an applicant shall submit the following:

- (a) An application on a form provided by the director.
- (b) The supplemental documents required under section 11(2) of the act, MCL 550.821, and this rule.
- (c) A nonrefundable application fee in an amount established by the director by bulletin. The director shall not adjust the application fee more than once per year.
- (2) An applicant shall provide the following supplemental documents with an application submitted under subrule (1) of this rule:
  - (a) The documents required under section 11(2) of the act, MCL 550.821.

(b) A document providing the names, addresses, dates of birth, social security numbers, official positions, and professional qualifications of each individual who owns, legally or beneficially, 10% or more of the equity in the entity that is applying for a license.

(c) Each of the following:

(i) A list of every health plan or carrier on behalf of which the pharmacy benefit manager contracts with a pharmacy or a pharmacy services administration organization to provide pharmacy health services to individuals covered by the health plan or carrier.

(ii) A statement indicating all jurisdictions where the applicant has an application pending or has been registered, licensed, or otherwise certified to transact business as a pharmacy benefit manager.

(iii) A statement indicating whether:

(A) The pharmacy benefit manager or any individual responsible for the conduct of the affairs of the pharmacy benefit manager has had a pharmacy benefit manager certificate of authority or license denied or revoked for cause in another state.

(B) Any individual responsible for the conduct of the affairs of the pharmacy benefit manager has been convicted of, or has entered a plea of guilty or nolo contendere to, a felony without regard to whether adjudication was withheld.

(C) The pharmacy benefit manager's license has been suspended or revoked in another state.

(3) Any modification to the information required under subrule (2)(b) and (c) of this rule is significant, and, under section 11(3) of the act, MCL 550.821, the applicant shall file with the director a notice of modification to any information within 30 days after the modification.

#### R 500.34 License renewal schedule; license renewal fee.

Rule 4. (1) To renew an existing license for an additional 2 years, a pharmacy benefit manager shall file the materials required under this rule and section 11(10) of the act, MCL 550.821, no later than July 1 of the second calendar year after the calendar year in which the pharmacy benefit manager either first obtained or last renewed the existing license.

(2) A license expires if the pharmacy benefit manager fails to submit a complete renewal filing by the date established in subrule (1) of this rule. If a license expires under this subrule, the pharmacy benefit manager shall not operate in this state as a pharmacy benefit manager without first obtaining a new license through the process in R 500.33. On request and for good cause shown, the director may grant to a pharmacy benefit manager a reasonable extension of time not to exceed 30 days within which the renewal materials must be filed.

(3) A renewal filing is incomplete if the director determines that it does not contain a completed application and renewal schedule and full payment of the nonrefundable license renewal fee that is established by the director.

(4) A renewal application or a renewal schedule is not complete unless the licensee fully and accurately provides all the information and materials requested on any form provided by the director. The director has discretion to revise any form that the director provides under this subdivision.

(5) The director may establish the amount of the nonrefundable license renewal fee by bulletin. The director shall not adjust the license renewal fee more than once per year.

(6) A renewal filing is incomplete if the director determines that the renewal filing does not contain a retail pharmacy benefit manager network adequacy report, as required under section 17 of the act, MCL 550.827.

R 500.35 Suspension, revocation, and restriction of licensure; fines.

Rule 5. (1) The director may suspend the license of a pharmacy benefit manager as provided in sections 11(5) and (6) of the act, MCL 550.821. A pharmacy benefit manager whose license is suspended shall not operate within this state as a pharmacy benefit manager during the suspension.

(2) The director may revoke the license of a pharmacy benefit manager as provided in section 11(5) or (7) of the act, MCL 550.821. A pharmacy benefit manager whose license is revoked shall not operate within this state as a pharmacy benefit manager as of the date specified in the director's order.

(3) The director may restrict the license of a pharmacy benefit manager under the authority of section 13 of the act, MCL 550.823. An order of the director to suspend or to restrict a license takes effect immediately, unless the order explicitly states otherwise. If a director's order suspending or restricting a license explicitly allows the pharmacy benefit manager to operate after the order is issued, the affected pharmacy benefit manager shall operate for the period specified in the order and according to the conditions set forth in the order.

(4) When the director orders the suspension or revocation of a license under the act, the director has discretion to issue an order adapted to the underlying violation by requiring the pharmacy benefit manager to pay a fine or otherwise restricting the pharmacy benefit manager's license.

(5) A pharmacy benefit manager whose license has been suspended or restricted under the act and these rules shall pay the fine specified in the order mandating the suspension or restriction. If the director's order mandates a monthly fine until the underlying violation is remedied, the affected pharmacy benefit manager shall pay the specified fine each month until the pharmacy benefit manager demonstrates to the director, in a manner specified in the director's order, that the pharmacy benefit manager has remedied the violation leading to the suspension or restriction. If the director's order mandates any fine other than a monthly fine, the affected pharmacy benefit manager shall pay the fine specified in the order and comply with all other conditions set forth in the order.