



# Kansas Department of Insurance

Commissioner Vicki Schmidt

## **Pharmacy Benefits Manager Licensing Implementation FAQ**

Questions about the contents of this document can be addressed to the Kansas Department of Insurance (Department) Rate and Form Compliance Division at 785-296-7844 or [kdoi.rf@ks.gov](mailto:kdoi.rf@ks.gov). Additional information can be found [here](#). Updated August 10, 2022.

**Background on the 2022-2023 Kansas Pharmacy Benefits Manager Licensing Reform:** [House Substitute for Senate Bill 28](#) was passed by the Kansas Legislature in 2022. The bill updated the Pharmacy Benefits Manager Registration Act, found in K.S.A. 40-3821, *et seq.*, to require Pharmacy Benefits Managers operating in Kansas to be **licensed** beginning January 1, 2023. The additional requirements for licensing (versus registering) a PBM and renewing a PBM license are discussed below.

These statutory changes also provided the Department the opportunity to utilize the National Insurance Producer Registry (NIPR) for electronic submission of initial and renewal licensing applications. In the past, paper or online applications were utilized to collect information for the PBM registration process. The Department was also able to move from an in-house legacy system to State Based Systems (SBS) to maintain information on its PBM licensees. SBS serves as a repository for licensing information and enables licensees to have easier access to their own licensing information.

**What communications were sent to the industry about these changes?**

[PBM Letter](#)

## **Initial Licensing Information**

**Our PBM is currently *registered* in Kansas. When will it be required to be licensed?**

All current PBM registrations will expire December 31, 2022. A PBM can begin the new licensing process via NIPR after October 1, 2022. The application must be complete and approved by the Department by January 1, 2023, for the PBM to continue to transact business in Kansas. ***It is recommended that a PBM begin the licensing process as early as possible after October 1, 2022, so all required information can be received and reviewed by the Department by December 31, 2022.***

**What new or additional information is required to be licensed as a PBM in Kansas?**

The information required as part of the new licensing application process is more detailed and robust than what was required under the previous registration process. The information required includes:

1. The applicant must be organized as a corporation, partnership, limited liability company, limited liability partnership or sole proprietorship. If applicable, register your business entity with the [Kansas Secretary of State's office](#).<sup>[1]</sup>

**NOTE:** The applicant is required to submit a Certificate of Good Standing to the

Department via email to [kdoi.rf@ks.gov](mailto:kdoi.rf@ks.gov) with “Certificate of Good Standing” in the subject of the email.

2. Submit the NAIC Uniform Application for Business Entity License online via the [National Insurance Producer Registry \(NIPR\)](#).
3. At the time of application, the applicant must pay an application fee of \$2,500 by credit card or electronic check through NIPR. The application fee is nonrefundable.
4. Submit an EIN Verification Letter (147C) issued by the IRS or any other acceptable document issued by the IRS verifying the entity’s FEIN by email to [kdoi.rf@ks.gov](mailto:kdoi.rf@ks.gov) or upload to the [attachments warehouse](#). This document is required for all business entity types, including sole proprietorships. To obtain a copy of the EIN Verification letter call 1-800-829-4933.
5. The following information must be submitted electronically to the Department via the [Online Contacts fillable form](#):
  - a. Name, address, official position and professional qualifications of each individual who is responsible for the conduct of the affairs of the PBM, including all members of the board of directors, board of trustees, executive committee, other governing board or committee, the principal officers in the case of a corporation, the partners or board members in the case of a partnership or association.
  - b. Name and address of the applicant’s agent for service of process in the state of Kansas.
  - c. Name, address, phone number, email address and official position of the PBM employee who will serve as the primary contact for the Department.
6. Complete and electronically submit the [Network Adequacy Report Form](#).
7. Submit the following documents to the Department via email to [kdoi.rf@ks.gov](mailto:kdoi.rf@ks.gov) with “PBM” in the subject line:
  - a. A copy of the PBM’s corporate charter, articles of incorporation or other charter document.
  - b. A template contract, which shall include the dispute resolution process involving an independent fact finder between 1) the PBM and the health insurer; or 2) the PBM and the pharmacy or the pharmacy’s contracting agent.

Please view information on the Department’s website at <https://insurance.kansas.gov/> for additional details.

### **How does a PBM apply for a license?**

For information on how to apply for a license through NIPR go to the Department’s website at: [insurance.kansas.gov/pharmacy-benefits-manager-licensing](https://insurance.kansas.gov/pharmacy-benefits-manager-licensing)

**How early can a PBM apply for a license?**

Pharmacy Benefits Managers can begin the initial licensing process after October 1, 2022. ***It is recommended that a PBM begin the licensing process as early as possible after October 1, 2022, so all required information can be received and reviewed by the Department by December 31, 2022.***

**Can a PBM submit a paper application directly to the Department?**

No. All applications must be submitted electronically through NIPR and supporting documentation and information must either be uploaded to the NIPR Documents Warehouse or submitted electronically via email (or fillable online form) to the Department.

**Can a check for the application fee be sent directly to the Department?**

No. The application fee is paid through NIPR at the time of application.

**Do I need a login for NIPR or SBS?**

No. None of the applications require a user to login.

**How quickly can the Department review a license application and approve or deny a license?**

The Department has 90 days after receipt of the applicable license fee, the network adequacy report and a “completed application” to review the applicant’s qualifications and either issue a license for applicants which meet the requirements for licensure, or issue a denial letter, documenting reasons for the determination. An application is complete after receipt by the Department of the application form submitted through NIPR and the Department has received all other required supporting documents and information.

**What happens if a PBM applies for a license through NIPR shortly before December 31, 2022, and the Department does not have the required supporting documentation or information to review (or is unable to review) before the PBM’s registration expires?**

If a license is not issued on or before January 1, 2023, the PBM will need to cease operations in Kansas until a license is approved and issued.

**How long is a PBM license valid?**

Under the provisions of the legislation, all PBM licenses expire annually on March 31st, regardless of the issue date, and will **not** renew automatically. Accordingly, licenses issued on or before January 1, 2023, will expire on March 31, 2023, and must be renewed by the PBM licensee.

**How does a PBM obtain a copy of its Pharmacy Benefits Manager license?**

It can be printed, at no cost, through the SBS License Manager at <https://sbs.naic.org/solar-external-lookup/license-manager>.

**What information or services are available to PBM licensees through SBS?**

A PBM can look up information on its license, states licensed in, and license number/NPN. It can also update email information and print its license certificate. Click [here](#) for additional information on SBS services.

**Licensing Renewal Information****When does a PBM have to renew its license?**

All PBM licenses expire annually on March 31st, regardless of the issue date, and will not renew automatically. Accordingly, licenses issued on or before January 1, 2023, will expire on March 31, 2023, and must be renewed by the PBM licensee prior to expiration.

**How does a PBM renew its Kansas license?**

PBMs must submit a renewal application through NIPR, along with a renewal fee of \$2,500 for timely renewal of the license before the annual expiration date of March 31st. Renewal applications can be submitted after January 1 of the renewal year.

**If the PBM just received its license on or before January 1, 2023, will it have to renew again March 31, 2023?**

Yes. The statute requires that all Pharmacy Benefits Manager licensees must renew on or before March 31st of each year. Newly licensed PBMs will also be required to pay the \$2,500 renewal fee.

**If not timely renewed, what happens to a PBM license?**

If the license is not renewed by March 31st of each year, it will expire. There is no suspension or grace period. The Pharmacy Benefits Manager would have to submit a new application through NIPR and be approved by the Department to receive a new license. As with initial applications, it is recommended that newly licensed PBMs begin the licensing renewal process as early as possible after January 1, 2023, so all required information can be received and reviewed by the Department by March 31, 2023.

**Are there other requirements for renewing a Pharmacy Benefits Manager license?**

Yes. Pharmacy Benefits Manager licensees are required to submit a Network Adequacy Report in addition to their renewal application. Network Adequacy Reports must be submitted via the fillable form on the Department's website.

Also, the Department requires business entities to submit documentation that they are in good standing with the Office of the Kansas Secretary of State (SOS). Information on obtaining a certificate of good standing and submitting it to the Department is on the Department's website at [insurance.kansas.gov/pharmacy-benefits-manager-licensing](https://insurance.kansas.gov/pharmacy-benefits-manager-licensing).

**How does a Pharmacy Benefits Manager notify the Department of changes in addresses and phone numbers?**

Changes in legal and/or mailing addresses, telephone numbers, and email addresses are to be submitted by [Contact Change Request \(CCR\)](#) through NIPR.

**What other requirements does a PBM have to notify the Department of material changes in information submitted in connection with an initial or renewal licensing application?**

See information in the Pharmacy Benefits Manager Licensing Information and Instructions section on the Department's website for this information.