



Pharmacy Benefit Managers  
Licensing Regulations  
Proposed Regulations  
November 14, 2024

DRAFT

## Article 7. Licensing Provisions and Procedures

### Table A. Licensing Time-frames

**Table A.** Licensing Time-frames

License	Relevant A.R.S.	Administrative Completeness	Substantive Review	Overall Time-frame
Insurance				
Captive Insurer	§ 20-1098.01	150	30*	180
Certificate of Authority	§ 20-216	210	90*	300
Certificate of Exemption	§ 20-401.05	92	30	122
Health Care Services Organization	§ 20-1052	210	90	300
Hospital, Medical, Dental, and Optometric Service Corporation	§ 20-825	210	90	300
Life Care Provider Permit	§ 20-1803	60*	30*	90
Life Settlement Provider	§ 20-3202	60	60	120
Mechanical Reimbursement Reinsurer	§ 20-1096.04	210	90	300
Prepaid Dental Plan Organization	§ 20-1004	210	90	300
Prepaid Legal Insurer*	§ 20-1097.02	45	15	60*
Qualifying Surplus Lines Insurer	§ 20-413	45	30	75
Reinsurance Intermediary	§ 20-486.01	120	60	180
Insurance Professional				

Adjuster	§ 20-321.01	60	60	120
Bail Bond Agent	§ 20-340.01	60	60	120
Certified Application Counselor	§ 20-336.04	60	60	120
Life Settlement Broker	§ 20-3202	60	60	120
Limited Travel Agent	§ 20-3553	60	60	120
Navigator	§ 20-336.03	60	60	120
Nonresident Insurance Producer (Agent/Broker)	§ 20-287	60	60	120
Portable Electronics Insurance Adjuster	§ 20-321.01	60	60	120
Portable Electronics Insurance Vendor	§ 20-1693.01	60	60	120
Rental Car Agent	§ 20-331	60	60	120
Resident Insurance Producer (Agent/Broker)	§ 20-285	60	60	120
Risk Management Consultant	§ 20-331.01	60	60	120
Self-service Storage Agents	§ 20-332	60	60	120
Surplus Lines Broker	§ 20-411	60	60	120
Temporary License	§ 20-294	60	60	120
Title Insurance Agent	§ 20-1580	60	60	120
Variable Contract Agent	§ 20-2662	60	60	120
Other				

Pharmacy Benefit Manager*	§ 20-3333	30	90*	120
Rating Organization*	§ 20-361	30	30	60*
Rate Service Organization	§ 20-389	60	60	120
Third Party Administrator	§ 20-485.12	45	45	90
Senior Residential Entrance Fee Contracts: Provider Registration	§ 44-6952	60	60	120
Service Company	§ 20-1095.01	30	30	60
Utilization Review Agent	§ 20-2505	30	90	120
Risk Retention Groups				
Risk Retention Group (Foreign)	§ 20-2403	60	0	60
Risk Purchasing Groups	§ 20-2407	30	30	60

\* Statutory time-frames

**New Article and Rules:**

**Article 25. Pharmacy Benefit Managers**

**R20-6-2501.** Definitions

**R20-6-2502.** Application for Certificate of Authority; Fee Required

**R20-6-2503.** Notice of Modification

**R20-6-2504.** Term of Certificate of Authority

**R20-6-2505.** Renewal of a Certificate of Authority; Fee Required

**R20-6-2506.** Utilization Review

**R20-6-2507.** Records Retention; Examination Costs

**Table A.** Pharmacy Benefit Manager Retention Schedule

**R20-6-2501.** Definitions

The following terms apply to this Article:

“Certificate of Good Standing” as used in A.R.S. § 20-3333(B)(1)(f) has the same meaning as A.R.S. § 10-128.

“Department” means the Arizona Department of Insurance and Financial Institutions, Insurance Division.

“Director” has the meaning stated at A.R.S. § 20-102.

“Health plan” as used in A.R.S. § 20-3333(R) has the same meaning as “Health care plan” found at A.R.S. § 20-3151.

“Insurer” has the same meaning as defined at A.R.S. § 20-3321(5).

“Overall time frame” has the same meaning as defined at A.R.S. § 41-1072(2).

“Pay the fee” means to submit to the Department the fee required to accompany the initial application for or renewal of the Pharmacy Benefit Manager’s certificate of authority. The initial application fee is \$500 and the renewal fee is \$500. In lieu of direct payment of the fee, the applicant or licensee may submit proof of payment of the fee. All fees are non-refundable.

“Person” has the meaning defined at A.R.S. § 20-105.

“Pharmacy Benefit Manager” has the same meaning as defined at A.R.S. § 20-3321(10).

“Records” as used in Section R20-6-2507 includes records, books, documentation, and other data.

“Renewal Schedule” as used in A.R.S. § 20-3333(K)(2) means . . .

**R20-6-2502. Application for Certificate of Authority; Fee Required**

- A.** A person seeking to be licensed as a Pharmacy Benefit Manager in this State shall file an application for a certificate of authority on a form prescribed by the Director which shall be transmitted for review and approval through an electronic online system as required by the Director under A.R.S. § 20-3333(B). The applicant shall pay the fee to the Department at the time it submits its application.
- B.** Beginning January 1, 2025, a person shall not operate as a Pharmacy Benefit Manager in this state without a certificate of authority.
- C.** The Department deems an application as filed with the Director when the Department receives a completed application and the required fee from an applicant.
- D.** The Director may require, at the Director’s discretion, that an applicant for a certificate of authority under A.R.S. § 20-3333(A) submit information that discloses biographical, employment and business financial history, criminal activity, fingerprints, or any other information that relates to the ability to operate as a Pharmacy Benefit Manager for principals, principal officers, and individuals responsible for the conduct of the activities of the Pharmacy Benefit Manager if necessary for the protection of residents of this State.
- E.** An applicant shall have a period to remedy disqualifications to licensure pursuant to A.R.S. § 20-3333(C).
  - 1. If the Director determines that an applicant is not qualified to be licensed after the overall time frame of the application is complete, the Director shall provide a written notification to the applicant of the Director’s intent to deny the application that specifies the disqualifications to licensure.
  - 2. The applicant shall have 60 days from the date of the Director’s notification to inform the Director that it has remedied the disqualifications.
  - 3. If the applicant fails to respond to the Director within 60 days, or the Director determines that the applicant has failed to remedy the disqualifications to licensure, the Director shall deny the application.
  - 4. The Director’s denial of the application is an appealable agency action within the meaning of A.R.S. 41-1092(4).

- F. The Department shall notify an applicant of the approval of the certificate of authority and the effective date and expiration date of the certificate. No paper certificate is required.

**R20-6-2503. Notice of Modification**

The Notice of Modification required to be filed with the Director under A.R.S. § 20-3333(D) applies to a Pharmacy Benefit Manager that holds a certificate of authority issued by the Department. The Notice of Modification shall be filed on a form and in the manner approved by the Director.

**R20-6-2504. Term of Certificate of Authority**

- A. The Pharmacy Benefit Manager certificate of authority is a biennial certificate. If the Pharmacy Benefit Manager fails to timely file a complete renewal application and pay the fee to the Director, the certificate of authority of a Pharmacy Benefit Manager expires on the last day of the 24th month after the effective date of the initial approval of the certificate of authority or any renewal.
- B. If not timely renewed, a certificate of authority may expire during any period of suspension or restriction under A.R.S. § 20-3333(G).

**R20-6-2505. Renewal of the Certificate of Authority; Fee Required**

- A. To renew its certificate of authority, a Pharmacy Benefit Manager shall file a renewal application on a form prescribed by the Director and pay the fee on or before the expiration of the Pharmacy Benefit Manager's certificate of authority. The form shall be transmitted for review through an electronic online system as required by the Director.
- B. The Director may require, at the Director's discretion, that an applicant for renewal of a certificate of authority under A.R.S. § 20-3333(K) submit information that discloses biographical, employment and business financial history, criminal activity, fingerprints, or any other information that relates to the ability to operate as a Pharmacy Benefit Manager for principals, principal officers, and individuals responsible for the conduct of the activities of the Pharmacy Benefit Manager if necessary for the protection of residents of this State.
- C. The Department deems a renewal application as filed with the Director when the Director receives the complete renewal application and the renewal fee.
- D. Upon expiration of a certificate of authority that is not timely renewed, a Pharmacy Benefit Manager shall cease its operations as a Pharmacy Benefit Manager.

- E. A Pharmacy Benefit Manager whose certificate of authority has expired shall file a new application for a certificate of authority to the Director pursuant to A.R.S. § 20-3333(B) and R20-6-2502.

**R20-6-2506. Utilization Review**

If a Pharmacy Benefit Manager performs or contracts for utilization review for a health care insurer for pharmaceutical claims, the Pharmacy Benefit Manager shall comply with the requirements of A.R.S. Title 20, Chapter 15.

**R20-6-2507. Records Retention; Examination Costs**

- A. Every Pharmacy Benefit Manager shall keep its corporate and business records as originals or as copies of the originals made by reproduction methods that accurately preserve the records.
- B. Notwithstanding the confidential nature of a pharmacy benefit manager’s information, the Director may use the information in any proceedings instituted against the pharmacy benefit manager by the Department.
- C. The Pharmacy Benefit Manager shall keep its records for the periods required in Table 1. Pharmacy Benefit Manager Retention Schedule. This Section does not prohibit record retention for longer periods than required. This Section does not prohibit a Pharmacy Benefit Manager from keeping any other type of record not required.
- D. A Pharmacy Benefit Manager domiciled in Arizona shall pay the costs of an examination by the Director.

**Table 1. Pharmacy Benefit Manager Retention Schedule**

<b>Type of Record</b>	<b><u>Retention Period (Years)</u></b>
Pharmacy Benefit Plan	5
Utilization Review Plan	Continuous