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BULLETIN 08-25

Date: October 15, 2008
To: Insurers, Nonprofit Health Service Plans and Health Maintenance Organizations
Re: Pharmacy Benefits Manager

On October 1, 2008, the new requirements for Pharmacy Benefits Managers providing Pharmacy Benefits Management Services to Purchasers in the State took effect. A Purchaser is defined as an insurer, nonprofit health service plan, health maintenance organization or the State Employee and Retiree Health and Welfare Benefits Program providing prescription drug coverage or benefits in the State that enters into an agreement with a Pharmacy Benefits Manager for the provision of Pharmacy Benefits Management Services. (See §15-1601 of the Insurance Article) No Purchaser may enter into an agreement with a Pharmacy Benefits Manager unless the Pharmacy Benefits Manager is registered with the Insurance Commissioner. (See §15-1606 of the Insurance Article)

A Pharmacy Benefits Manager is a person that performs Pharmacy Benefits Management Services. Pharmacy Benefits Management Services means:

- “(i) the procurement of prescription drugs at a negotiated rate for dispensation within the State to beneficiaries;
- (ii) the administration or management of prescription drug coverage provided by a purchaser to beneficiaries; and
- (iii) any of the following services provided with regard to the administration of prescription drug coverage:
 1. mail service pharmacy;
 2. claims processing, retail network management, and payment of claims to pharmacies for prescription drugs dispensed to beneficiaries;
 3. clinical formulary development and management services;
 4. rebate contracting and administration;
 5. patient compliance, therapeutic intervention, and generic substitution programs; or
 6. disease management services.”

There is an exception in the definition of Pharmacy Benefits Manager excluding nonprofit health maintenance organizations operating as a group model that provide services only to its members and through an internal pharmacy operation. (See §15-1601, emphasis added)

Chapter 202 of the Laws of Maryland 2008 allows a Pharmacy Benefits Manager in the State as of October 1, 2008 to continue to act as a Pharmacy Benefits Manager without being registered with the Insurance Commissioner if the Pharmacy Benefits Manager registers with the Commissioner on or before July 1, 2009 and complies with the provisions of Title 15 Subtitle 16 of the Insurance Article. (See Section 2.)

If a Pharmacy Benefits Manager performs Pharmacy Benefits Management Services for your company and your company meets the definition of a Purchaser, the Pharmacy Benefits Manager must be registered with the Insurance Commissioner by July 1, 2009. Please refer the Pharmacy Benefits Manager to the Maryland Insurance Administration's website, www.mdinsurance.state.md.us, to obtain a registration application.

Questions about this bulletin may be directed to the Life/Health Section at 410-468-2170.



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