

Update

Third Party Administrator (TPA) Licensing and Compliance Developments

April 2019

National Association of Insurance Commissioners Considering Adoption of Pharmacy Benefit Manager Model Law

The Chair of the National Association of Insurance Commissioners (“NAIC”) Regulatory Framework (B) Task Force recently announced that the Pharmacy Benefit Manager Regulatory Issues (B) Subgroup’s (“PBM Subgroup”) will consider developing a new NAIC PBM Model Law during 2019. The proposed model will establish a licensing or registration process for pharmacy benefit managers (“PBMs”). Oregon has agreed to chair the PBM Subgroup for 2019, and Maryland has agreed to be vice chair.

The PBM Model Law is intended to address issues and concerns states have encountered in their markets with PBMs and the lack of clear regulatory authority for some state regulators to address them. Currently, PBMs are not licensed or registered in some states, while other state insurance departments either license PBMs as PBMs or as TPAs. However, in certain states, PBMs are registered with state pharmacy boards.

The PBM Subgroup also may consider including within the PBM Model Law provisions on PBM prescription drug pricing and cost transparency.

In addition to the PBM Subgroup’s interest in developing a PBM Model Act, in December 2018, the National Conference of Insurance Legislators (“NCOIL”) approved the Pharmacy Benefits

Manager Licensure and Regulation Model Act (“NCOIL PBM Model Act”), which is intended to give state insurance regulators increased jurisdiction over the activities of PBMs.

For More Information on our TPA Team

Polsinelli’s TPA team provides TPA licensing services, TPA regulatory and compliance services, drafting and negotiating of administrative services agreements, and a number of other TPA services. Our TPA team includes attorneys who were former in-house counsel for TPAs, as well as attorneys who were formerly insurance regulators.

By leveraging its extensive experience representing TPAs, our TPA team helps clients avoid the learning curve and related cost implications that can be experienced by working with companies or attorneys less familiar with the regulatory and compliance needs of TPAs.

For questions regarding this information, please contact one of the authors, a member of Polsinelli’s Third Party Administrators practice, or your Polsinelli attorney.

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