



**Department of Banking and Insurance  
Division of Insurance  
Office of Solvency Regulation  
PO Box 325  
Trenton, NJ 08625-0325**

**Tel (609) 292-7272  
Fax (609) 292-6765**

## **PHARMACY BENEFITS MANAGER (PBM)**

### **APPLICATION TO OBTAIN A PBM LICENSE**

#### **Instructions**

1. Submit your application and all supporting materials electronically to the Department at [pharmacyfilings@dob.nj.gov](mailto:pharmacyfilings@dob.nj.gov). The email "subject line" should follow this format: "Name of PBM – PBM Application." If your application is too large for a single email, send it in multiple emails, and include "[email 1 of X]" in the "subject line."
2. Clearly label each item listed below with the corresponding section of the application. All sections are required. If a response is 'No' or 'None,' indicate this rather than leaving any item blank.
3. A license issued under this section is valid for three years and can be renewed at the end of the term.
4. The initial license fee is \$10,000. The license renewal fee is \$10,000 for another three-year term. Fees are due at the time of application submission. Please submit the fee via ACH/Wire as per the attached instructions and include payment confirmation with your application.

-----

Pharmacy Benefit Manager (PBM) Application Fee

Please remit payment via wire/ACH transfer per the following instructions:

PBM – Wire/ACH Transfer Instructions

The following information is needed to properly credit a transfer to  
the New Jersey Department of Banking and Insurance  
Please e-mail this information to:  
[DOBI.Fiscal@do bi.nj.gov](mailto:DOBI.Fiscal@do bi.nj.gov) and [pharmacyfilings@do bi.nj.gov](mailto:pharmacyfilings@do bi.nj.gov)

TYPE OF TRANSACTION:

(Please Check One:)    ☐ Wire Transfer                      ☐ Direct Deposit (ACH)

Amount of Transfer:    \$10,000

Date of Transfer:                      \_\_\_\_\_

Disbursing Account:

Company Name:                      \_\_\_\_\_

Purpose of Transmittal:              PBM Application fee

Receivable Account:

Bank Name:                          Wells Fargo Bank, NA

ABA #:                                  121000248

Account #: Account                2100000000377

Name:                                  NJ DOBI

Beneficiary Address:

New Jersey Department of Banking and Insurance - Budget / Accounting  
ATTN: Fiscal  
P.O. BOX 325  
Trenton NJ 08625  
Fax: 609.292.4063

Originator to Beneficiary Special Instructions:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**STATE OF NEW JERSEY**  
**PHARMACY BENEFIT MANAGER (PBM)**  
**APPLICATION TO OBTAIN A LICENSE AS A PBM**

\_\_\_\_\_  
Complete Name of Applicant

\_\_\_\_\_  
Doing business as (DBA) Name or Trade Name, if applicable

\_\_\_\_\_  
Address

\_\_\_\_\_  
City County State Zip Code

\_\_\_\_\_  
Telephone Number Facsimile Number Website Address

FEIN \_\_\_\_ - \_\_\_\_ State of Domicile \_\_\_\_\_

**Agent for Service of Process in New Jersey**

\_\_\_\_\_  
Name Address

**Contact Person**

\_\_\_\_\_  
Name Email Address Phone Number

**CERTIFICATION STATEMENT**

I certify that all information set forth in the enclosed application and herein is true to the best of my knowledge and belief and that the Commissioner of Banking and Insurance may rely on the information set forth in the application and herein in determining whether to grant a license.

\_\_\_\_\_  
Print Full Name of Authorized Representative and Title

\_\_\_\_\_  
Authorized Representative Signature (may be electronic) Date

\_\_\_\_\_  
Telephone Number Email Address

Answer all questions and attach supporting materials as needed:

### **Organizational**

1. Confirm whether the applicant meets the definition of a PBM pursuant to N.J.S.A. 17B:27F-1.
2. Provide a description of the PBM. Discuss any entities that share common boards and/or management with the PBM and their relationship to it. Include a summary of these entities' current activities and a detailed description of the proposed PBM's experience in managing pharmacy costs. Describe the PBM's proposed methods and locations of operation, along with a general outline of the significant procedures and programs.
3. Include all organizational documents relevant to the applicant's business form and any amendments, such as the operating agreement, articles of organization, articles of incorporation, articles of association, charter, partnership agreement, trade name certificate, trust agreement, shareholder agreement, certificate of authority, or other applicable documents.
4. Attach the bylaws, rules, regulations, or other documents governing the conduct of the applicant's internal affairs.
5. Provide a list of names, addresses, and official positions of those responsible for the applicant's affairs. Include board members, executive committee members or principal officers. Also include any person or entity owning or entitled to acquire 10 percent or more of the applicant's voting securities. For partnerships or associations, list the partners or members. Include a statement of any criminal convictions or civil, enforcement, or regulatory actions, including those related to professional licenses, against any board members, executive committee or governing board or committee members, principal officers, or persons responsible for the applicant's affairs.
6. If the PBM is owned and/or controlled by a parent company, include the direct parent company, the ownership percentage, and the FEIN of the direct parent company. Also include a chart to capture all entities with ownership greater than 10%, the ultimate controlling parties of those owners and other entities that the ultimate controlling party controls.
7. Provide a fully completed and notarized Biographical Affidavit for each person listed in item 5 above. The biographical affidavit (NAIC UCAA Form 11) is available on the NAIC's website at [UCAA Biographical Affidavit](#). Include all pages (Form 11, Form 11a, Form 11b).

### **Business**

8. Provide a statement generally describing the applicant, its facilities, personnel, and the pharmacy benefits management services it offers.
9. Include a copy of the standard agreement form between the applicant and pharmacies concerning the provision of pharmacy benefits management services.
10. Include a copy of the contract form between the applicant and any carrier for the provision or arrangement of pharmacy benefits management services. This contract must outline the respective duties of the carrier and the applicant concerning compliance with N.J.S.A. 26:2S-1 et seq.

11. For each contract made or to be made between the applicant and any other person providing pharmacy benefits management services, include:
  - a. A list of key persons providing the services, along with their geographical area.
  - b. A list of any affiliate providing services to the applicant in this State and a description of any material transactions between the affiliate and the applicant.
  - c. A description of the pharmacy benefits management services or benefits offered or proposed by the applicant.
  - d. A description of how the availability and accessibility of pharmacy benefits to enrollees or contract holders will be assured.
  - e. A description of how the applicant will be compensated for each contract with a carrier.
12. Provide a list of all administrative, civil, or criminal actions and proceedings involving the applicant or its affiliates, including their resolution. Indicate if any license, certificate, or authority to operate has been refused, suspended, or revoked by any jurisdiction, include any related orders, proceedings, and determinations.
13. Provide the total number of claims the pharmacy benefits manager adjudicated for pharmacies in this State during the prior calendar year.
14. Provide a list of each pharmacist or pharmacy in this State and any pharmacy services administrative organization with membership in this State with which the pharmacy benefits manager contracts for administering pharmacy benefits for health benefits plans. Identify whether the pharmacy benefits manager has any ownership, financial interest, or affiliation with these entities.
15. List each manufacturer with which the pharmacy benefits manager contracts for administering pharmacy benefits for health benefits plans, including any ownership interest or affiliation with the manufacturer.
16. List each rebate aggregator with which the pharmacy benefits manager contracts for administering pharmacy benefits for health benefits plans, including any ownership interest or affiliation with the rebate aggregator.
17. List each switch company with which the pharmacy benefits manager contracts for administering pharmacy benefits for health benefits plans, including any ownership interest or affiliation with the switch company.
18. List each wholesaler with which the pharmacy benefits manager contracts for administering pharmacy benefits for health benefits plans, including any ownership interest or affiliation with the wholesaler.
19. Provide a list of each health benefits plan with which the pharmacy benefits manager currently has a contract to perform services in this State. Include a description of the services provided to each plan and the number of enrollees or beneficiaries covered by each plan for the preceding calendar year.

## **Financial**

20. Provide copies of the applicant's most recent calendar year-end audited financial statements, excluding any parent company. The financial statements should reflect the current year and prior year results.
21. Provide a detailed copy of the PBM's financial projections for three years:
  - (i) Balance sheet, income statement, and statement of cash flows.
  - (ii) Assumptions used to establish the projections.
22. A PBM is generally compensated in one of two primary ways:
  - (i) Administrative Fee Basis: This method involves payment through:
    - a. Retainer: A fixed fee paid regularly.
    - b. Per Claim Fee: A fee based on each processed claim.
    - c. Other Arrangements: Similar methods of compensation.
  - (ii) Spread Pricing (Risk Mitigation Pricing Model): Under this method, the payor may either forego paying or pay a reduced administrative fee. The PBM retains certain risks related to the difference between the amount paid by the customer and the amount paid to the pharmacy.

Explain in detail how the applicant is compensated in relation to the above methods.
23. Explain in detail the PBM's usage of rebates including the following:
  - a. 100 percent pass-through – The PBM passes 100 percent of the rebate back to the plan sponsor.
  - b. Proportional pass-through – The PBM keeps a percentage of the rebate and passes the remainder back to the plan sponsor.
  - c. At Risk – The PBM keeps 100 percent of the rebate but guarantees a certain level of rebate to the customer. i.e., PBM is “at risk” for the difference between the guarantee and actual rebates received.
24. Provide a listing of rebates paid by the PBM to all entities. Identify each entity and the amount paid to each entity during the last calendar year – reconciled to the financial statements provided in #20 above.