

## 2023 Kansas Statutes

**40-3822. Definitions.** As used in this act:

- (a) "Act" means the pharmacy benefits manager licensure act.
- (b) "Commissioner" means the commissioner of insurance as defined by K.S.A. 40-102, and amendments thereto.
- (c) (1) "Covered entity" means:
  - (A) A nonprofit hospital or medical service corporation, health insurer, health benefit plan or health maintenance organization;
  - (B) a health program administered by a department or the state in the capacity of provider of health coverage; or
  - (C) an employer, labor union or other group of persons organized in the state that provides health coverage to covered individuals who are employed or reside in the state.
- (2) "Covered entity" does not include any:
  - (A) Self-funded plan that is exempt from state regulation pursuant to ERISA;
  - (B) plan issued for coverage for federal employees; or
  - (C) health plan that provides coverage only for accidental injury, specified disease, hospital indemnity, medicare supplement, disability income, long-term care or other limited benefit health insurance policies and contracts.
- (d) "Covered person" means a member, policyholder, subscriber, enrollee, beneficiary, dependent or other individual participating in a health benefit plan.
- (e) "Department" means the insurance department.
- (f) "ERISA" means the federal employee retirement income security act of 1974.
- (g) "Health benefit plan" means the same as defined in K.S.A. 40-4602, and amendments thereto.
- (h) "Health insurer" means the same as defined in K.S.A. 40-4602, and amendments thereto.
- (i) "Maximum allowable cost" or "MAC" means any term or methodology that a pharmacy benefits manager or a healthcare insurer may use to establish the maximum amount that a pharmacy benefits manager will reimburse a pharmacy or a pharmacist for generic drugs.
- (j) "Pharmacy benefits management" means:
  - (1) Any of the following services provided with regard to the administration of the following pharmacy benefits:
    - (A) Mail service pharmacy;
    - (B) claims processing, retail network management and payment of claims to pharmacies for prescription drugs dispensed to covered individuals;
    - (C) clinical formulary development and management services;
    - (D) rebate contracting and administration;
    - (E) certain patient compliance, therapeutic intervention and generic substitution programs; or
    - (F) disease management programs involving prescription drug utilization; and
  - (2) (A) the procurement of prescription drugs by a prescription benefits manager at a negotiated rate for dispensation to covered individuals within this state; or
  - (B) the administration or management of prescription drug benefits provided by a covered insurance entity for the benefit of covered individuals.
- (k) "Pharmacy benefits manager" means a person, business or other entity that performs pharmacy benefits management. "Pharmacy benefits manager" includes any person or entity acting in a contractual or employment relationship for a pharmacy benefits manager in the performance of pharmacy benefits management for a covered entity. "Pharmacy benefits manager" does not include a covered insurance entity.
- (l) "Person" means an individual, partnership, corporation, organization or other business entity.

**History:** L. 2006, ch. 154, § 2; L. 2022, ch. 44, § 3; July 1.