### PREPAID PRESCRIPTION SERVICE

### \*\* OTHER THAN MEDICARE ONLY \*\*

### APPLICATION FOR A CERTIFICATE OF AUTHORITY

### **INSTRUCTIONS**

Following is a checklist of documents to be submitted by a Prepaid Prescription Service, including entities seeking to provide Prescription Drug Plans ("PDP"), to obtain a certificate of authority to operate in New Jersey pursuant to N.J.S.A. 17:48F-3.

Documents provided by the applicant that are deemed by the Commissioner of Banking and Insurance to be proprietary shall be confidential and shall not be considered public documents. The applicant is asked to identify those documents it believes to be proprietary in nature by marking them confidential.

Please identify each document to correspond with the item numbers on the checklist.

Submit your application to:

New Jersey Department of Banking and Insurance Office of Solvency Regulation Attn: Prepaid Prescription Service

Regular Mail: P.O. Box 325 Trenton, NJ 08625-0325 Over-Night Service: 20 West State St. Trenton, NJ 08608-1206

Please note that the Department has not yet adopted a regulation for Prepaid Prescription Service's. This application may be revised upon adoption of a regulation.

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### CHECKLIST OF DOCUMENTS REQUIRED

- 1. The completed Application Cover Sheet (form enclosed).
- 2. A non-refundable application fee in an amount of \$100.00 payable to "Treasurer, State of New Jersey."
- Applicant organizations not organized under the laws of the State of New Jersey shall provide:
  - a) The completed Irrevocable Consent to Jurisdiction of the Commissioner and New Jersey Courts (form enclosed).
  - b) The completed Appointment of Attorney for the State of New Jersey appointing the Commissioner of Banking and Insurance as attorney for service of process (form enclosed).
- 4. A copy of the applicant organization's basic organization documents, which shall include but not be limited to articles of incorporation, articles of association, partnership agreement, management agreement, and trust agreement, or other documents applicable to the applicant's form of business entity, and all amendments to those documents.
- 5. A copy of the executed bylaws, rules and regulations, or similar documents, regulating the conduct of the applicant's internal affairs.
- 6. <u>NAIC Biographical Affidavits</u> of the persons who are to be responsible for the conduct of the affairs of the applicant, including but not limited to:
  - a. Members of the board of directors, executive committee or other governing board or committee; the principal officers; and any person or entity owning or having the right to acquire 10 percent or more of the voting securities of the applicant;
  - b. In the case of a partnership or association, the names of the partners or members:
  - c. Each person who has loaned funds to the applicant for the operation of its business; and
  - d. A statement of any criminal convictions or civil actions (including enforcement or regulatory actions, and actions relating to professional licenses) taken against any person who is a member of the board, the executive committee, other governing board or committee, the principal officers, or the person who is responsible for the conduct of the affairs of the applicant.

### 7. A business plan consisting of:

- a. An organizational chart identifying parent, affiliates, and subsidiaries;
- b. A statement generally describing the applicant, its facilities, personnel, and the prescription services to be offered;
- c. A list of the geographical area(s) in which the services are to be performed and the approximate number of providers of the services;
- d. A description of any administrative services for which the applicant will be responsible;
- e. A list of any affiliate of the applicant that provides services to the applicant in this State, and a description of any material transaction between the affiliate and the applicant;
- f. A description of any arrangements between the applicant and any other Prepaid Prescription tion Service or subcontractor for services associated with the provision of prescription services;
- g. A description and copy of any reinsurance or stop loss arrangements;

- h. A plan for continuation of the prescription services to be provided for under the contracts in the event of insolvency of the applicant;
- i. A description of how the applicant will be compensated;
- j. A schedule of rates and charges;
- k. A description of the proposed method of marketing;
- I. A description of the complaint procedures instituted by the applicant;
- A description of the quality control and utilization review procedures established by the applicant;
- A description of how the applicant will assure the availability and accessibility of the services to enrollees.
- 8. A copy of the form of any contract made, or to be made, between the applicant and contract holders or prospective contract holders.
- 9. A copy of the form of any contract between the applicant and any subcontractor for services associated with the provision of prescription services.
- 10. A copy of the standard form of any contract made, or to be made, between the applicant and any providers relative to the provision of prescription services to enrollees or contract holders.
- 11. A list of all administrative, civil or criminal actions and proceedings to which the applicant, or any of its affiliates, or persons who are responsible for the conduct of the affairs of the applicant or affiliate, have been subject and the resolution of those actions and proceedings. If a certificate of authority, certificate, or other authority to operate has been refused, suspended or revoked by any jurisdiction, the applicant shall provide a copy of any orders, proceedings and determinations relating thereto.
- 12. A list of all states in which the applicant has done, or currently is doing, business as described in the application.
- 13. A copy of the applicant's most recent financial statements audited by an independent certified public accountant. If the financial affairs of the applicant's parent company are audited by an independent certified public accountant, but those of the applicant are not, then a copy of the most recent audited financial statement of the applicant's parent company, audited by an independent certified public accountant, shall be submitted. A consolidated financial statement of the applicant and its parent company shall satisfy this requirement unless the Commissioner determines that additional or more recent financial information is required.
- 14. A copy of the applicant's financial plan, including:
  - a. A three-year projection of anticipated operating results, on a statutory basis, in accordance with the NAIC Accounting Practices and Procedures Manual (or for one year beyond the anticipated "break-even" year). The projections shall be on a quarterly basis for the first year, and on an annual basis for the subsequent years;
  - b. A demonstration of the minimum tangible net equity required at N.J.S.A. 17:48F-14 and deposit required at N.J.S.A. 17:48F-15;
  - c. A description of the assumptions used in the projections, including an explanation of each line item:
  - d. A statement of the sources of working capital and any other sources of funding, and provisions for contingencies.
- 15. Evidence of a fidelity bond in the applicant's name on its officers and employees in an amount established by the Commissioner by regulation. In lieu of the bond, the applicant may deposit with the Commissioner cash or securities or other investments approved by the Commissioner as demonstrated in 14b above.

## **CPI Changes for Prepaid Prescription Service's**

	Deposit Re	quirement		Maximum Required CPI			
Year	CPI Change	Increase	Amount	Year	Change	Increase	Amount
1998			25,000	1998			100,000
1999	3.80%	950	25,950	1999	3.80%	3,800	103,800
2000	4.80%	1,246	27,196	2000	4.80%	4,982	108,782
2001	4.40%	1,197	28,392	2001	4.40%	4,786	113,569
2002	7.40%	2,101	30,493	2002	7.40%	8,404	121,973
2003	5.30%	1,616	32,109	2003	5.30%	6,465	128,437
2004	3.30%	1,060	33,169	2004	3.30%	4,238	132,676
2005	3.10%	1,028	34,197	2005	3.10%	4,113	136,789
2006	4.50%	1,539	35,736	2006	4.50%	6,155	142,944
2007	3.90%	1,394	37,130	2007	3.90%	5,575	148,519
2008	4.50%	1,671	38,801	2008	4.50%	6,683	155,203
2009	2.70%	1,048	39,848	2009	2.70%	4,190	159,393
2010	0.10%	40	39,888	2010	0.10%	159	159,552
2011	3.70%	1,478	41,365	2011	3.70%	5,903	165,454
2012	2.30%	951	42,316	2012	2.30%	3,806	169,262

## **Net Equity Requirement**

			_
Year	CPI Change	Increase	Amount
1998			50,000
1999	3.80%	1,900	51,900
2000	4.80%	2,491	54,391
2001	4.40%	2,393	56,784
2002	7.40%	4,202	60,986
2003	5.30%	3,232	64,219
2004	3.30%	2,119	66,338
2005	3.10%	2,056	68,394
2006	4.50%	3,078	71,472
2007	3.90%	2,787	74,260
2008	4.50%	3,342	77,601
2009	2.70%	2,095	79,697
2010	0.10%	80	79,776
2011	3.70%	2,952	82,728
2012	2.30%	1,903	84,631

# PREPAID PRESCRIPTION SERVICE

# \*\* OTHER THAN MEDICARE ONLY \*\*

# **APPLICATION COVER SHEET**

1.	Name of Applicant					
2.	Physical Address of Applicant					
3.	Mailing Address (if different from physical Address)					
4.	Organizational Information Corporation Prof. Corp.		Trust Prof. Asso	с		LLC Other
5.	Provide a brief description o	of the servic	es that the appli	cant will be pr	roviding:	
6.	City and State of Incorporation	n (if annli-	City		State	
0.	cable.)	η (ιι αρριι	——————————————————————————————————————		Olato	
7.	Federal Employer Identification	on number o	or			
	Social Security Number					

8.	Contact Person		
9.	Phone Number	(	)
10.	Toll Free Number	(	)
11.	Fax Number	(	)
12.	E-Mail Address		
13.	Resident Status		Resident of New Jersey
			County in which Home Office is located for NJ Residents
			Non-Resident of New Jersey
		C	Certification
	(Name and Title)	cert	ify that I am authorized to file this certification on
to the surar	e best of my information,	knowledge a mation set for	set forth in the enclosed application and herein is true nd belief; and that the Department of Banking and Inrth in the application herein in determining whether to .J.S.A. 17:48F-1 et seq.
	I further certify that	(Name of Applied	is familiar and will comply with
the re	equirements set forth in N		
	<u> </u>		
Signa	ature of Applicant		Full Legal Name (Type or Print)
Title			Date

## IRREVOCABLE CONSENT TO JURISDICTION OF THE COMMISSIONER **AND NEW JERSEY COURTS**

THE STATE OF }	
}KNOW	ALL MEN BY THESE PRESENTS:
COUNTY OF }	
That	("Company") of
(name of applic	ant)
(domiciliary city and state)	is filing herewith its application for
(domiciliary dity and state)	
a certificate of authority to operate as a Prepaid Prescrip	tion Service in the State of New Jersey,
That, upon issuance of said certificate of authori	ty by the Commissioner of Banking and
Insurance ("Commissioner"); Company shall consent to	the jurisdiction of the Commissioner and
all New Jersey courts in relation to any transactions or o	ther activity subject to regulation under
N.J.S.A. 17:48F-1 et seq. and all other applicable New J	ersey statutes or rules; and
That such consent to the jurisdiction of the Co	ommissioner and the New Jersey courts
shall be and remain irrevocable for as long as Company	possesses a valid certificate of authority
from the Commissioner or engages in business as a P	repaid Prescription Service in or from the
State of New Jersey, and until all contractual obligations	in the State of New Jersey are satisfied.
Witness our hands and the impress of the seal o, 20	of said applicant, this day of
(Corporate Sealif applicable)	
	(Signature) President (or authorized representative)
Attest:	(Print or Type Name)
	(Signature) Secretary (or authorized representative)
	(Print or Type Name)

# Appointment of Attorney for the State of New Jersey

	KNO'	W ALL	MEN BY THESE PRES	SENTS: That	the		("	'Com-
pany")	of	the		of			in	the
			of			, desi	ring to do	busi-
ness in	the S	State o	f New Jersey in conform	nity with the la	aws therec	of, hereby co	nstitutes ar	nd ap-
points th	ne Co	mmis	sioner of Banking and In	surance of N	ew Jersey,	and his or	her succes	sor in
office, to	be it	s true	and lawful Attorney, upo	n whom all or	iginal proc	ess in any ac	tion or lega	al pro-
ceeding	agai	nst sa	id Company may be ser	rved. And th	e said Co	mpany hereb	y stipulate	s and
agrees	that a	any ori	ginal process against it,	which is ser	ved upon	said Attorney	, shall be	of the
same le	gal fo	rce ar	nd validity as if served up	on said Comp	oany, and t	hat the autho	ority of said	Attor-
ney sha	all cor	ntinue	in force irrevocable so	long as any	liability of	said Compa	any remains	s out-
standing	j in N	ew Je	rsey.					
	IN V	/ITNE	SS WHEREOF, the sa	id				_ has
caused	these	pres	ents to be subscribed by	, its Presiden	t, and atte	sted by its S	Secretary, a	nd its
corporat	te sea	al to be	e hereunto affixed, this	day o	of		20_	·
		(Co	rporate Sealif applicable	e) _				
		`		•		(or outhorize		sident
						(or authorize	u represem	.auve)
				-		(Prir	nt or Type N	lame)
		Atte	est:					
								retary
						(or authorize	d represent	tative)
				_				
						(Prir	nt or Type N	lame)

# Appointment of Attorney for the State of New Jersey

KNOW	ALL MEN BY THESE	PRESE	ENTS:	That the _	COMPA	NY	("C	Com-
pany") of the	CITY/COUNTY	_ of	NAME	of CITY/C	COUNTY	in the _	STATE	of
NAME	of STATE		, d	esiring to	do busines	ss in the Sta	ate of New	Jer-
sey in conform	ity with the laws the	reof, he	reby co	onstitutes	and appo	ints the Co	mmission	er of
Banking and Ins	surance of New Jerse	ey, and	his or h	er succes	sor in offic	e, to be its	true and la	awful
Attorney, upon	whom all original pro	cess in a	any act	ion or lega	al proceedi	ing against	said Com	pany
may be served	. And the said Comp	cany he	reby st	ipulates a	nd agrees	that any o	riginal pro	cess
against it, which	h is served upon said	d Attorne	ey, sha	ll be of the	e same le	gal force ar	nd validity	as if
served upon sa	id Company, and tha	t the au	thority	of said Att	orney sha	II continue	in force ir	evo-
cable so long as	s any liability of said (	Compan	y rema	ns outstar	nding in Ne	ew Jersey.		
IN WIT	NESS WHEREOF, the	e said C	ompan	y has cau	sed these	presents to	be subsci	ribed
by its President	t, and attested by its	Secreta	ry, and	its corpor	ate seal to	be hereur	nto affixed	, this
day o	of		_ 20	•				
	(Corporate Sealif ap	plicable	e)					
					(or	outhorized	Pres	
					(0)	authorized	representa	ilive)
						(Print	or Type Na	ame)
						`	71	,
	Attest:							
				-			Secr	etary
					(or a	authorized	representa	ıtive)
						(Drint	or Type Na	
						(11111	or type ive	лп <del>с</del> )