

**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.

## PREPAID PRESCRIPTION SERVICE

### APPLICATION FOR A CERTIFICATE OF AUTHORITY

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

#### 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."
3. 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. [NAIC Biographical Affidavits](#) 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 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;
  - l. A description of the complaint procedures instituted by the applicant;
  - m. A description of the quality control and utilization review procedures established by the applicant;
  - n. 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

<b>Deposit Requirement</b>				<b>Maximum Required CPI</b>			
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

<b>Net Equity Requirement</b>			
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

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**\*\* 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      \_\_\_\_\_ Trust      \_\_\_\_\_ LLC  
\_\_\_\_\_ Prof. Corp.      \_\_\_\_\_ Prof. Assoc.      \_\_\_\_\_ Other

5. Provide a brief description of the services that the applicant will be providing:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. City and State of Incorporation (if applicable.)      City      State  
\_\_\_\_\_

7. Federal Employer Identification number or \_\_\_\_\_ - \_\_\_\_\_  
Social Security Number      \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_





**Appointment of Attorney for the State of New Jersey**

KNOW ALL MEN BY THESE PRESENTS: That the \_\_\_\_\_ (“Company”) of the \_\_\_\_\_ of \_\_\_\_\_ in the \_\_\_\_\_ of \_\_\_\_\_, desiring to do business in the State of New Jersey in conformity with the laws thereof, hereby constitutes and appoints the Commissioner of Banking and Insurance of New Jersey, and his or her successor in office, to be its true and lawful Attorney, upon whom all original process in any action or legal proceeding against said Company may be served. And the said Company hereby stipulates and agrees that any original process against it, which is served upon said Attorney, shall be of the same legal force and validity as if served upon said Company, and that the authority of said Attorney shall continue in force irrevocable so long as any liability of said Company remains outstanding in New Jersey.

IN WITNESS WHEREOF, the said \_\_\_\_\_ has caused these presents to be subscribed by its President, and attested by its Secretary, and its corporate seal to be hereunto affixed, this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

(Corporate Seal--if applicable)

\_\_\_\_\_  
President  
(or authorized representative)

\_\_\_\_\_  
(Print or Type Name)

Attest:

\_\_\_\_\_  
Secretary  
(or authorized representative)

\_\_\_\_\_  
(Print or Type Name)



**Appointment of Attorney for the State of New Jersey**

KNOW ALL MEN BY THESE PRESENTS: That the COMPANY ("Company") of the CITY/COUNTY of NAME of CITY/COUNTY in the STATE of NAME of STATE, desiring to do business in the State of New Jersey in conformity with the laws thereof, hereby constitutes and appoints the Commissioner of Banking and Insurance of New Jersey, and his or her successor in office, to be its true and lawful Attorney, upon whom all original process in any action or legal proceeding against said Company may be served. And the said Company hereby stipulates and agrees that any original process against it, which is served upon said Attorney, shall be of the same legal force and validity as if served upon said Company, and that the authority of said Attorney shall continue in force irrevocable so long as any liability of said Company remains outstanding in New Jersey.

IN WITNESS WHEREOF, the said Company has caused these presents to be subscribed by its President, and attested by its Secretary, and its corporate seal to be hereunto affixed, this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

(Corporate Seal--if applicable)

\_\_\_\_\_  
President  
(or authorized representative)

\_\_\_\_\_  
(Print or Type Name)

Attest:

\_\_\_\_\_  
Secretary  
(or authorized representative)

\_\_\_\_\_  
(Print or Type Name)