



**BEFORE THE COMMISSIONER OF  
THE DEPARTMENT OF COMMERCE AND INSURANCE  
FOR THE STATE OF TENNESSEE**

<b>TENNESSEE INSURANCE DIVISION,</b>	)	
	)	
<b>Petitioner,</b>	)	
	)	
<b>vs.</b>	)	<b>TID No.: 23-012</b>
	)	
<b>AMWINS GROUP BENEFITS LLC</b>	)	
	)	
<b>Respondent.</b>	)	
	)	

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**CONSENT ORDER**

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**WHEREAS,** Petitioner, the Insurance Division of the Tennessee Department of Commerce and Insurance (“Division”), and AmWINS Group Benefits LLC (“Respondent”) hereby stipulate and agree, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance (“Commissioner”), as follows:

**GENERAL STIPULATIONS**

1. It is expressly understood that this Consent Order (“Order”) is subject to the Commissioner’s acceptance and has no force and effect until such acceptance is evidenced by the entry and execution of the Commissioner.

2. This Order is executed by the Respondent for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

3. The Respondent fully understands that this Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts or omissions not specifically addressed in this Order or for facts or omissions that do not arise from the facts or transactions herein addressed.

4. The Respondent fully understands that this Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for violations of the law addressed specifically in this Order against the Respondent for violations of law under statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Findings of Fact and Conclusions of Law stated herein, or which may arise as a result of the execution of this Order by the Respondent.

5. The Respondent expressly waives all further procedural steps, and expressly waives all rights to seek judicial review of or to otherwise challenge or contest the validity of this Order, the stipulations and imposition of discipline contained herein, and the consideration and entry and execution of said Order by the Commissioner.

#### **AUTHORITY AND JURISDICTION**

6. The Commissioner has jurisdiction over this matter pursuant to Title 56 of the Tennessee Code Annotated (“Tenn. Code Ann.”), specifically Tenn. Code Ann. §§ 56-2-305 and 56-7-3206, and Tenn. Comp. R. & Regs. 0780-01-95 (the “Law”). The Law places on the Commissioner the responsibility of the administration of its provisions.

#### **PARTIES**

7. The Division is the lawful agent through which the Commissioner administers the Law and is authorized to bring this action for the protection of the public.

8. The Respondent is a pharmacy benefits manager (“PBM”) doing business in the State of Tennessee. The Respondent (License # 10) has the authority to administer the medication

or device portion of pharmacy benefits coverage provided by a covered entity or otherwise act as a pharmacy benefits manager in the State of Tennessee pursuant to Tenn. Code Ann. § 56-7-3113.

### **FINDINGS OF FACT**

9. The Division filed Tenn. Comp. R. & Regs. 0780-01-95 (“Emergency Rules”) regarding Pharmacy Benefit Managers on December 29, 2022.

10. The Emergency Rules became effective immediately upon filing with the Secretary of State pursuant to Tenn. Code Ann. § 4-5-208.

11. The Emergency Rules prohibit a PBM from utilizing an initial appeal process that has not been approved by the Commissioner prior to use.

12. The Emergency Rules also establish a procedure whereby a PBM could utilize a temporary appeal process until the PBM’s initial appeal process was approved by the Commissioner by filing the temporary appeal process with the Commissioner and submitting payment of the required one-thousand-dollar (\$1,000.00) fee on or before January 31, 2023.

13. As of March 2, 2023, Respondent had not filed a temporary appeal process with the Commissioner and paid the required fee, nor had Respondent submitted an initial appeal process for approval.

14. As of March 2, 2023, Respondent had failed to receive approval from the Commissioner stating Respondent’s initial appeal process meets the requirements of T.C.A. § 56-7-3206(c)(2) and Tenn. Comp. R. & Regs. Chapter 0780-01-95, nor had Respondent received permission under those rules to utilize a temporary appeals process, for at least thirty (30) days after the effective date of the Emergency Rules.

15. As of March 15, 2023, Respondent (i) has filed both an initial appeal process and a temporary appeal process with the Commissioner and paid the required fees, (ii) has received permission by the Division to utilize the temporary appeals process and (iii) is working

expeditiously with the Division toward receiving approval of its initial appeal process.

### **CONCLUSIONS OF LAW**

16. “A pharmacy benefits manager shall establish a process for a pharmacy to appeal a reimbursement for failing to pay at least the actual cost to the pharmacy for the prescription drug or device.” Tenn. Code Ann. § 56-7-3206(c)(2)(A).

17. “A [pharmacy benefits manager’s] appeals process established pursuant to [Tenn. Code Ann. § 56-7-3206](c)(2)(A) must . . . be approved by the commissioner of commerce and insurance [and] comply with . . . such other requirements as the commissioner of commerce and insurance may establish by rule.” Tenn. Code Ann. § 56-7-3206(c)(2)(B)(i) and (ii).

18. The Emergency Rules, promulgated under the authority of Tenn. Code Ann. § 56-7-3206(g)(1), require all PBMs to submit certain information and the required fee prior to utilizing a temporary appeal process, but in no case later than January 31, 2023. Tenn. Comp. R. & Regs. 0780-01-95.-03(9).

19. The Emergency Rules, promulgated under the authority of Tenn. Code Ann. § 56-7-3206(g)(1), specify that the fee for the review of an application for a temporary appeal process is \$1,000.00. Tenn. Comp. R. & Regs. 0780-01-95.-07(3).

20. “No PBM may utilize an initial appeal process until it has received approval from the Commissioner stating the PBM’s initial appeal process meets the requirements of T.C.A. § 56-7-3206(c)(2) and this chapter. A PBM shall utilize only one appeal process for all initial appeals filed with the PBM.” Tenn. Comp. R. & Regs. 0780-01-95.-03(1). Review of an application for approval of an initial appeal process has a fee of \$1,000 pursuant to Tenn. Comp. R. & Regs. 0780-01-95.-07(1).

21. Tenn. Code Ann. § 56-2-305 states:

(a) If, after providing notice consistent with the process established by § 4-5-320(c) and providing the opportunity for a contested case hearing held in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, part 3, the commissioner finds that any insurer, person, or entity required to be licensed, permitted, or authorized by the division of insurance has violated any statute, rule or order, the commissioner may, at the commissioner's discretion, order:

...

(2) Payment of a monetary penalty of not more than one thousand dollars (\$1,000) for each violation, but not to exceed an aggregate penalty of one hundred thousand dollars (\$100,000), unless the insurer, person, or entity knowingly violates a statute, rule or order, in which case the penalty shall not be more than twenty-five thousand dollars (\$25,000) for each violation, not to exceed an aggregate penalty of two hundred fifty thousand dollars (\$250,000). [...] For purposes of this subdivision (a)(2), each day of continued violation shall constitute a separate violation.

21. Respondent's failure to file a temporary appeal process with the Commissioner and pay the required fee, and continued failure to file and receive approval for an initial appeal process and pay the required fee, constitute ongoing violations of Tenn. Code Ann. § 56-7-3206(c)(2)(B) and Tenn. Comp. R. & Regs. 0780-01-95-.03.

### **ORDER**

**IT IS THEREFORE ORDERED**, pursuant to Tenn. Code Ann. § 56-2-305, that Respondent pay a **CIVIL PENALTY** in the amount of thirty thousand dollars (\$30,000) for the violations of Tennessee insurance law.

**IT IS FURTHER ORDERED**, should Respondent ever fail, in the Department's discretion, to continue to expeditiously work toward receiving approval of its initial appeal process, that may also subject Respondent to additional disciplinary action, including the accrual of civil penalties for each day Respondent remains non-compliant with the requirements of Tenn. Code Ann. § 56-7-3206(c)(2)(B) and Tenn. Comp. R. & Regs. 0780-01-95-.03(1).

The first page of this Order must accompany payment of the civil penalty for reference. Payment of the civil penalty shall be made within thirty (30) days of the date this Order is executed by the Commissioner, and payment must be mailed to the following address.


**State of Tennessee  
Department of Commerce and Insurance  
Legal Division  
Attn: Will Kerby  
Davy Crockett Tower, 12<sup>th</sup> Floor  
500 James Robertson Parkway  
Nashville, TN 37243**

This Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original signatures and facsimile or electronic copies shall be deemed to constitute duplicate originals.

This Order is in the public interest and in the best interests of the parties, represents a compromise and settlement of the controversy between the parties, and is for settlement purposes only. By the signatures affixed below, the Respondent affirmatively states that it has freely agreed to the entry and execution of this Order, that it waives the right to a hearing on the matters underlying this Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made to it by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing the Order, affirmatively state their agreement to be bound by the terms of this Order and aver that no

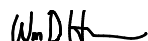
promises or offers relating to the circumstances described herein, other than the terms of settlement as set forth in this Order, are binding upon them.


**ENTERED AND EXECUTED** on \_\_\_\_\_, 2023.

  
Carter Lawrence (Jul 11, 2023 14:37 CDT)


Carter Lawrence, Commissioner  
Department of Commerce and Insurance

**APPROVED FOR ENTRY AND EXECUTION:**

  
Bill Huddleston (Jul 10, 2023 08:32 CDT)  
Bill Huddleston  
Assistant Commissioner for Insurance  
Tennessee Department of Commerce and Insurance

  
AmWINS Group Benefits LLC  
Name: Lucas Spaulding Esq.  
Title: Contracts and Compliance Attorney

**RESPECTFULLY SUBMITTED:**

  
William B. Kerby III (BPR #033384)  
Chief Counsel for Insurance and TennCare Oversight  
500 James Robertson Parkway  
Davy Crockett Tower, 12<sup>th</sup> Floor  
Nashville, TN 37243  
(615) 360-4358  
william.kerby@tn.gov