



MARYLAND STATE COLLECTION AGENCY LICENSING BOARD INDUSTRY ADVISORY REGULATORY GUIDANCE



November 18, 2024

Pharmacy Benefits Managers: Maryland Collection Agency Licensure

Beginning January 1, 2025, a new federal law known as the Inflation Reduction Act will require Medicare prescription drug plan providers to offer payment plans. Enrollees will have the option to pay out-of-pocket prescription drug costs in capped monthly payments instead of all at once at the pharmacy. In some cases, pharmacy benefits managers (PBMs) may collect these payments on behalf of the plan providers. The State Collection Agency Licensing Board (“the Board”), operating within Maryland’s Office of Financial Regulation (OFR), wishes to inform PBMs that a PBM receiving these payments from Maryland consumers on behalf of a plan provider is deemed a collection agency under Maryland law and must hold a Maryland collection agency license.

Maryland Collection Agency Licensing Act

PBMs that collect payment plans constitute collection agencies under the Maryland Collection Agency Licensing Act ([Md. Code Ann., Business Regulation Article §7-101, et seq. “MCALA.”](#)). Pursuant to MCALA, a collection agency includes a person who “engages directly or indirectly in the business of collecting for, or soliciting from another, a consumer claim.” In turn, a consumer claim is defined as a claim that “(1) is for money owed or said to be owed by a resident of the State; and (2) arises from a transaction in which, for a family, household, or personal purpose, the resident sought or got credit, money, personal property, real property, or services.” Thus, collection agencies are not limited to those businesses that collect delinquent debts. A person who engages in the business of collecting, on behalf of another, nearly any form of consumer debt, regardless of whether the debt is in default, is a collection agency under Maryland law. With the enactment of the new federal law, PBMs collecting payments from Maryland consumers on behalf of plan providers will satisfy this test and therefore must be licensed in Maryland as collection agencies.

Collection agency licensure

OFR manages collection agency licensure for the Board utilizing the [Nationwide Multistate Licensing System \(NMLS\)](#), a system used by financial services regulators throughout the United States. An applicant for Maryland collection agency licensure must create a company record, known in NMLS as the MU1 form, and must then submit a request for the license. Within the NMLS is a checklist of the information and documentation that must accompany the request. Licenses must be renewed each year by December 31. An initial license or license renewal approved between November 1 and December 31 of any year is valid through December 31 of the following year. Currently, the annual license fee is \$350. Applicants

must also provide a surety bond in the amount of at least \$50,000; all surety bonds are managed through the NMLS Electronic Surety Bond functionality, and nearly all major sureties can provide electronic surety bonds. Additional information on collection agency licensure is available through the [NMLS Resource Center](#) and on [OFR's website](#). PBMs that will collect payments from Maryland consumers are encouraged to begin the application process as soon as possible.

Contact

For questions regarding the application process or the qualifications for collection agency licensure, please contact Arlene Williams, Director of Licensing, by phone at 410-230-6068 or by email at arlenef.williams@maryland.gov. For other questions regarding this advisory, please contact Clifford Charland, Director of Operations – Financial Services Licensing and Supervision, by phone at 410-230-6167 or by email at clifford.charland@maryland.gov. For assistance with the use of the NMLS, please contact the NMLS Call Center at 1-855-665-7123; the call center is open Monday – Friday from 9:00am to 9:00pm Eastern Time. Please note that OFR staff are not able to provide assistance with the use of the NMLS.

The Office of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at www.labor.maryland.gov/finance.



[Click here to subscribe to emails from the Office of Financial Regulation.](#)

Please save "md-dllr-ocfr@info.maryland.gov" in your email contacts to help prevent Office communications from being blocked by your email provider's security features.