

Proposed Filing - Coversheet

Instructions:

In accordance with Title 3 Chapter 25 of the Vermont Statutes Annotated and the “Rule on Rulemaking” ([CVR 04-000-001](#)) adopted by the Office of the Secretary of State, this filing will be considered complete upon filing and acceptance of these forms and enclosures with the Office of the Secretary of State, and the Legislative Committee on Administrative Rules.

All forms shall be submitted to the Office of the Secretary of State, no later than 3:30 pm on the last scheduled day of the work week.

The data provided in text areas of Proposed Filing Coversheet will be used to generate a notice of rulemaking in the portal of “Proposed Rule Postings” online, and the newspapers of record. Publication of notices will be charged back to the promulgating agency.

**PLEASE REMOVE ANY COVERSHEET OR FORM NOT
REQUIRED WITH THE CURRENT FILING BEFORE DELIVERY!**

Certification Statement: As the adopting Authority of this rule (see 3 V.S.A. § 801 (b) (11) for a definition), I approve the contents of this filing entitled:

Licensing Requirements for Pharmacy Benefit Managers

/s/ Kevin Gaffney

, on 12/23/2024

(signature)

(date)

Printed Name and Title:

Kevin Gaffney, Commissioner

RECEIVED BY: _____

- Coversheet
- Adopting Page
- Economic Impact Analysis
- Environmental Impact Analysis
- Strategy for Maximizing Public Input
- Scientific Information Statement (if applicable)
- Incorporated by Reference Statement (if applicable)
- Clean text of the rule (Amended text without annotation)
- Annotated text (Clearly marking changes from previous rule)
- ICAR Filing Confirmed

1. TITLE OF RULE FILING:

Licensing Requirements for Pharmacy Benefit Managers

2. ADOPTING AGENCY:

Department of Financial Regulation

3. PRIMARY CONTACT PERSON:

(A PERSON WHO IS ABLE TO ANSWER QUESTIONS ABOUT THE CONTENT OF THE RULE).

Name: Susan Morris, Assistant General Counsel

Agency: Department of Financial Regulation

Mailing Address: 89 Main Street, Montpelier, VT 05620-3101

Telephone: 802-798-6059 Fax:

E-Mail: Susan.Morris@vermont.gov

Web URL *(WHERE THE RULE WILL BE POSTED)*:

<https://dfr.vermont.gov/>

4. SECONDARY CONTACT PERSON:

(A SPECIFIC PERSON FROM WHOM COPIES OF FILINGS MAY BE REQUESTED OR WHO MAY ANSWER QUESTIONS ABOUT FORMS SUBMITTED FOR FILING IF DIFFERENT FROM THE PRIMARY CONTACT PERSON).

Name: Dan Raddock, Assistant General Counsel

Agency: Department of Financial Regulation

Mailing Address: 89 Main Street, Montpelier, VT 05620-3101

Telephone: 802-371-8980 Fax:

E-Mail: Dan.Raddock@vermont.gov

5. RECORDS EXEMPTION INCLUDED WITHIN RULE:

(DOES THE RULE CONTAIN ANY PROVISION DESIGNATING INFORMATION AS CONFIDENTIAL; LIMITING ITS PUBLIC RELEASE; OR OTHERWISE, EXEMPTING IT FROM INSPECTION AND COPYING?) No

IF YES, CITE THE STATUTORY AUTHORITY FOR THE EXEMPTION:

PLEASE SUMMARIZE THE REASON FOR THE EXEMPTION:

6. LEGAL AUTHORITY / ENABLING LEGISLATION:

(THE SPECIFIC STATUTORY OR LEGAL CITATION FROM SESSION LAW INDICATING WHO THE ADOPTING ENTITY IS AND THUS WHO THE SIGNATORY SHOULD BE. THIS SHOULD BE A SPECIFIC CITATION NOT A CHAPTER CITATION).

18 V.S.A. §3611(e), 18 V.S.A. §3603 and 18 V.S.A. Chapter 77.

7. EXPLANATION OF HOW THE RULE IS WITHIN THE AUTHORITY OF THE AGENCY:

Act 127 specifically assigned rulemaking under the statute (18 V.S.A. §3611(e)) to the Commissioner of Financial Regulation to adopt rules to establish the licensing application, financial and reporting requirements for pharmacy benefit managers. 18 V.S.A. §3603 also directs the Commissioner to carry out the provisions of 18 V.S.A. Chapter 77 (Pharmacy Benefit Managers) and adopt rules to enforce this chapter.

8. CONCISE SUMMARY (150 WORDS OR LESS):

Following the passage of Act 127 in 2024, the Department of Financial Regulation was directed to adopt rules to establish the licensing application, financial and reporting requirements for PBMs. Pharmacy Benefit Managers (PBMs) are intermediaries between health insurance companies and drug manufacturers. They negotiate prescription drug prices with manufacturers and separately, they negotiate the reimbursement payable to pharmacies to dispense the drugs.

9. EXPLANATION OF WHY THE RULE IS NECESSARY:

The rule is required by the enabling statute (18 V.S.A. §3611(e)), which directs the Commissioner of the Department of Financial Regulation to adopt rules establish the licensing application, financial and reporting requirements for pharmacy benefit managers.

10. EXPLANATION OF HOW THE RULE IS NOT ARBITRARY AS DEFINED IN 3 V.S.A. § 801(b)(13)(A):

The rule is limited to setting forth the procedural process for obtaining a pharmacy benefit license in Vermont. The process detailed in the rule aligns with existing licensing procedures in place for other types of Department of Financial Regulation regulated entities operating in Vermont which have been found to be administratively effective for the Department and licensees in practice.

11. LIST OF PEOPLE, ENTERPRISES AND GOVERNMENT ENTITIES AFFECTED BY THIS RULE:

Pharmacy benefit managers operating in Vermont that provide claim processing services, or other prescription drug services or device services for health benefit plans. Health insurance companies

operating in Vermont that engage the services of a pharmacy benefit manager and who are licensed by the Insurance Division of the Department of Financial Regulation. Health plan members in Vermont with prescription drug coverage administered or managed by a pharmacy benefit manager.

12. BRIEF SUMMARY OF ECONOMIC IMPACT (150 WORDS OR LESS):

This rule, in and of itself, is not expected to have an economic impact on pharmacy benefit managers or health insurance companies operating in Vermont. The statute imposed fees and administrative requirements on pharmacy benefit managers and this rule only sets forth the procedure by which a pharmacy benefit manager obtains or renews a pharmacy benefit manager license. The rule's procedural requirements may increase administrative costs on pharmacy benefit managers however, health plan members with prescription drug coverage should benefit from the Department of Financial Regulation's licensing process to help ensure pharmacy benefit managers are competent, trustworthy, and financially responsible. No consumer harm or negative economic impact is anticipated.

13. A HEARING WILL BE SCHEDULED.

IF A HEARING WILL NOT BE SCHEDULED, PLEASE EXPLAIN WHY.

14. HEARING INFORMATION

(THE FIRST HEARING SHALL BE NO SOONER THAN 30 DAYS FOLLOWING THE POSTING OF NOTICES ONLINE).

IF THIS FORM IS INSUFFICIENT TO LIST THE INFORMATION FOR EACH HEARING, PLEASE ATTACH A SEPARATE SHEET TO COMPLETE THE HEARING INFORMATION NEEDED FOR THE NOTICE OF RULEMAKING.

Date: TBD

Time: AM

Street Address: This hearing will be held remotely via Microsoft Teams.

Zip Code: The Department invites interested parties to call in: < >, Conference ID: < >#

URL for Virtual:

Date:

Time: AM

Street Address:

Zip Code:

URL for Virtual:

Date:

Time: AM

Street Address:

Zip Code:

URL for Virtual:

Date:

Time: AM

Street Address:

Zip Code:

URL for Virtual:

15. DEADLINE FOR COMMENT (NO EARLIER THAN 7 DAYS FOLLOWING LAST HEARING):

16. KEYWORDS (PLEASE PROVIDE AT LEAST 3 KEYWORDS OR PHRASES TO AID IN THE SEARCHABILITY OF THE RULE NOTICE ONLINE).

pharmacy benefit manager

health benefit plan

prescription drug

pharmacy

prescription

Adopting Page

Instructions:

This form must accompany each filing made during the rulemaking process:

Note: To satisfy the requirement for an annotated text, an agency must submit the entire rule in annotated form with proposed and final proposed filings. Filing an annotated paragraph or page of a larger rule is not sufficient. Annotation must clearly show the changes to the rule.

When possible, the agency shall file the annotated text, using the appropriate page or pages from the Code of Vermont Rules as a basis for the annotated version. New rules need not be accompanied by an annotated text.

1. TITLE OF RULE FILING:

Licensing Requirements for Pharmacy Benefit Managers

2. ADOPTING AGENCY:

Department of Financial Regulation

3. TYPE OF FILING (*PLEASE CHOOSE THE TYPE OF FILING FROM THE DROPDOWN MENU BASED ON THE DEFINITIONS PROVIDED BELOW*):

- **AMENDMENT** - Any change to an already existing rule, even if it is a complete rewrite of the rule, it is considered an amendment if the rule is replaced with other text.
- **NEW RULE** - A rule that did not previously exist even under a different name.
- **REPEAL** - The removal of a rule in its entirety, without replacing it with other text.

This filing is **A NEW RULE** .

4. LAST ADOPTED (*PLEASE PROVIDE THE SOS LOG#, TITLE AND EFFECTIVE DATE OF THE LAST ADOPTION FOR THE EXISTING RULE*):

Economic Impact Analysis

Instructions:

In completing the economic impact analysis, an agency analyzes and evaluates the anticipated costs and benefits to be expected from adoption of the rule; estimates the costs and benefits for each category of people enterprises and government entities affected by the rule; compares alternatives to adopting the rule; and explains their analysis concluding that rulemaking is the most appropriate method of achieving the regulatory purpose. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Rules affecting or regulating schools or school districts must include cost implications to local school districts and taxpayers in the impact statement, a clear statement of associated costs, and consideration of alternatives to the rule to reduce or ameliorate costs to local school districts while still achieving the objectives of the rule (see 3 V.S.A. § 832b for details).

Rules affecting small businesses (excluding impacts incidental to the purchase and payment of goods and services by the State or an agency thereof), must include ways that a business can reduce the cost or burden of compliance or an explanation of why the agency determines that such evaluation isn’t appropriate, and an evaluation of creative, innovative or flexible methods of compliance that would not significantly impair the effectiveness of the rule or increase the risk to the health, safety, or welfare of the public or those affected by the rule.

1. TITLE OF RULE FILING:

Licensing Requirements for Pharmacy Benefit Managers

2. ADOPTING AGENCY:

Department of Financial Regulation

3. CATEGORY OF AFFECTED PARTIES:

LIST CATEGORIES OF PEOPLE, ENTERPRISES, AND GOVERNMENTAL ENTITIES POTENTIALLY AFFECTED BY THE ADOPTION OF THIS RULE AND THE ESTIMATED COSTS AND BENEFITS ANTICIPATED:

Parties potentially affected by the rule include:
pharmacy benefit managers, health insurance companies licensed by the Department of Financial Regulation, and health plan members in Vermont with prescription drug coverage administered or managed by a pharmacy benefit manager.

This rule, in and of itself, does not impose any fees or costs on pharmacy benefit managers or health insurance companies operating in Vermont. Licensing and renewal license fees were established by the legislature under Act 127. This rule is limited to setting forth the procedural process by which pharmacy benefit managers may make an application for a pharmacy benefit manager license or renewal thereof.

The rule will benefit health plan members by establishing a pharmacy benefit manager licensing procedure aiding the Department of Financial Regulation's assessment pharmacy benefit managers to help ensure pharmacy benefit managers are competent, trustworthy, have a good business reputation and have not violated insurance laws in Vermont or any other states.

4. IMPACT ON SCHOOLS:

INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON PUBLIC EDUCATION, PUBLIC SCHOOLS, LOCAL SCHOOL DISTRICTS AND/OR TAXPAYERS CLEARLY STATING ANY ASSOCIATED COSTS:

The rule will not have an impact on public education, public schools, local school districts and/or taxpayers.

5. ALTERNATIVES: *CONSIDERATION OF ALTERNATIVES TO THE RULE TO REDUCE OR AMELIORATE COSTS TO LOCAL SCHOOL DISTRICTS WHILE STILL ACHIEVING THE OBJECTIVE OF THE RULE.*

In the absence of a pharmacy benefit manager licensing and reporting procedure as required by statute, the Department of Financial Regulation lacks an effective application process from which to provide oversight and enforcement into the conduct and practices of pharmacy benefit managers.

This rule will remedy this by providing the Department with a procedural process and subsequent visibility into the organizational structure, business practices and financial soundness of pharmacy benefit managers through the detailed application process.

6. IMPACT ON SMALL BUSINESSES:

INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON SMALL BUSINESSES (EXCLUDING IMPACTS INCIDENTAL TO THE PURCHASE AND PAYMENT OF GOODS AND SERVICES BY THE STATE OR AN AGENCY THEREOF):

The rule will not have an impact on small businesses. Of note, pharmacy benefit managers themselves are not small businesses. Rather they are large, national, for organizations.

7. SMALL BUSINESS COMPLIANCE: *EXPLAIN WAYS A BUSINESS CAN REDUCE THE COST/BURDEN OF COMPLIANCE OR AN EXPLANATION OF WHY THE AGENCY DETERMINES THAT SUCH EVALUATION ISN'T APPROPRIATE.*

An evaluation of the cost/burden impact is unnecessary as the rule will not impact small businesses.

8. COMPARISON:

COMPARE THE IMPACT OF THE RULE WITH THE ECONOMIC IMPACT OF OTHER ALTERNATIVES TO THE RULE, INCLUDING NO RULE ON THE SUBJECT OR A RULE HAVING SEPARATE REQUIREMENTS FOR SMALL BUSINESS:

The rule is required by the enabling statute (18 V.S.A. §3611(e)), which directs the Commissioner of the Department of Financial Regulation to adopt rules establish the licensing application, financial and reporting requirements for pharmacy benefit managers. Given this legislative mandate, no alternatives were considered.

9. SUFFICIENCY: *DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.*

The rule, in and of itself, does not impose any fees or costs on pharmacy benefit managers or health insurance companies operating in Vermont. The rule sets forth the procedural process for obtaining an initial or renewal pharmacy benefit license in Vermont as required by the enabling statute. In establishing the application procedure, the Department of Financial Regulation looked to its other established licensing application procedures for other licensed entities as they have proven, over time, to be administratively effective for the Department and licensees. This rule's procedure closely aligns with licensing procedures utilized by the Department.

Environmental Impact Analysis

Instructions:

In completing the environmental impact analysis, an agency analyzes and evaluates the anticipated environmental impacts (positive or negative) to be expected from adoption of the rule; compares alternatives to adopting the rule; explains the sufficiency of the environmental impact analysis. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Examples of Environmental Impacts include but are not limited to:

- Impacts on the emission of greenhouse gases
- Impacts on the discharge of pollutants to water
- Impacts on the arability of land
- Impacts on the climate
- Impacts on the flow of water
- Impacts on recreation
- Or other environmental impacts

1. TITLE OF RULE FILING:

Licensing Requirements for Pharmacy Benefit Managers

2. ADOPTING AGENCY:

Department of Financial Regulation

3. GREENHOUSE GAS: *EXPLAIN HOW THE RULE IMPACTS THE EMISSION OF GREENHOUSE GASES (E.G. TRANSPORTATION OF PEOPLE OR GOODS; BUILDING INFRASTRUCTURE; LAND USE AND DEVELOPMENT, WASTE GENERATION, ETC.):*
No impact anticipated.

4. WATER: *EXPLAIN HOW THE RULE IMPACTS WATER (E.G. DISCHARGE / ELIMINATION OF POLLUTION INTO VERMONT WATERS, THE FLOW OF WATER IN THE STATE, WATER QUALITY ETC.):*
No impact anticipated.

5. LAND: *EXPLAIN HOW THE RULE IMPACTS LAND (E.G. IMPACTS ON FORESTRY, AGRICULTURE ETC.):*
No impact anticipated.

6. RECREATION: *EXPLAIN HOW THE RULE IMPACTS RECREATION IN THE STATE:*
No impact anticipated.

7. **CLIMATE:** *EXPLAIN HOW THE RULE IMPACTS THE CLIMATE IN THE STATE:*
No impact anticipated.
8. **OTHER:** *EXPLAIN HOW THE RULE IMPACT OTHER ASPECTS OF VERMONT'S ENVIRONMENT:*
No impact anticipated.
9. **SUFFICIENCY:** *DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.*
The substance of this rule will have no anticipated impact on the environment. Therefore, no further analysis is warranted.

Public Input Maximization Plan

Instructions:

Agencies are encouraged to hold hearings as part of their strategy to maximize the involvement of the public in the development of rules. Please complete the form below by describing the agency's strategy for maximizing public input (what it did do, or will do to maximize the involvement of the public).

This form must accompany each filing made during the rulemaking process:

1. TITLE OF RULE FILING:

Licensing Requirements for Pharmacy Benefit Managers

2. ADOPTING AGENCY:

Department of Financial Regulation

3. PLEASE DESCRIBE THE AGENCY'S STRATEGY TO MAXIMIZE PUBLIC INVOLVEMENT IN THE DEVELOPMENT OF THE PROPOSED RULE, LISTING THE STEPS THAT HAVE BEEN OR WILL BE TAKEN TO COMPLY WITH THAT STRATEGY:

Prior to initiating formal rulemaking, the Department shared a copy of the proposed rule with the stakeholders listed in Section 4. to solicit feedback prior to finalizing the rule. In conjunction with formal rulemaking, the Department will post the rule and related information on its website as well as make paper copies available. The Department will hold one public hearing that will be conducted remotely via Microsoft Teams. Call-in information for the meeting will be posted on the Department's website. The Department will also individually contact the stakeholders identified in Section 4, as well as anyone who inquires about the status of Act 127 rulemaking, to identify that the rule is available for public comment.

4. BEYOND GENERAL ADVERTISEMENTS, PLEASE LIST THE PEOPLE AND ORGANIZATIONS THAT HAVE BEEN OR WILL BE INVOLVED IN THE DEVELOPMENT OF THE PROPOSED RULE:

- Vermont Retail Drug Association

Public Input

- Vermont Pharmacists Association
- Vermont Medical Society
- Vermont Association of Hospitals and Health Systems
- MVP Health Care
- Cigna
- Blue Cross Blue Shield of Vermont
- Office of Professional Regulation
- Health Care Advocate's Office
- Office of the Attorney General
- Pharmacy benefit managers - CVS Health, Express Scripts, Optum Rx
- Pharmaceutical Care Management Association

Incorporation by Reference

THIS FORM IS ONLY REQUIRED WHEN INCORPORATING MATERIALS BY REFERENCE. PLEASE REMOVE PRIOR TO DELIVERY IF IT DOES NOT APPLY TO THIS RULE FILING:

Instructions:

In completing the incorporation by reference statement, an agency describes any materials that are incorporated into the rule by reference and how to obtain copies.

This form is only required when a rule incorporates materials by referencing another source without reproducing the text within the rule itself (e.g., federal or national standards, or regulations).

Incorporated materials will be maintained and available for inspection by the Agency.

1. TITLE OF RULE FILING:

Licensing Requirements for Pharmacy Benefit Managers

2. ADOPTING AGENCY:

Department of Financial Regulation

3. DESCRIPTION (*DESCRIBE THE MATERIALS INCORPORATED BY REFERENCE*):

This rule incorporates the following Vermont laws and regulations by reference: Title 8 Section 2104.

4. FORMAL CITATION OF MATERIALS INCORPORATED BY REFERENCE:

8 V.S.A §2104

5. OBTAINING COPIES: (*EXPLAIN WHERE THE PUBLIC MAY OBTAIN THE MATERIAL(S) IN WRITTEN OR ELECTRONIC FORM, AND AT WHAT COST*):

Cited materials are available online at the following links: Vermont Statutes Annotated:
<https://legislature.vermont.gov/statutes/>

Although all cited materials are readily available online, members of the public may obtain printed copies by contacting the Department by phone at 802-828-3301.

6. MODIFICATIONS (*PLEASE EXPLAIN ANY MODIFICATION TO THE INCORPORATED MATERIALS E.G., WHETHER ONLY PART OF THE MATERIAL IS ADOPTED AND IF SO, WHICH PART(S) ARE MODIFIED*):

7. *E MODIFIED*):

No modifications have been made to the cited material.

Run Spell Check

Vermont Department of Financial Regulation

LICENSING REQUIREMENTS FOR PHARMACY BENEFIT MANAGERS

TABLE OF CONTENTS

Section 1.	Purpose
Section 2.	Authority
Section 3.	Definitions
Section 4.	Applicability and Scope
Section 5.	Initial License Application
Section 6.	Renewal License
Section 7.	Application review
Section 8.	Severability
Section 9.	Enforcement
Section 10.	Effective Date

SECTION 1. PURPOSE

The purpose of this rule is to set forth the requirements and standards for the licensing of persons or entities that establish or operate as a pharmacy benefit manager under 18 V.S.A. § 3611 and 18 V.S.A. Chapter 77.

SECTION 2. AUTHORITY

This rule is adopted under the authority granted to the Commissioner by 18 V.S.A. § 3611(e) and 18 V.S.A. §3603.

SECTION 3. DEFINITIONS

- (a) “Commissioner” shall mean the Commissioner of Financial Regulation.
- (b) “Health benefit plan” has the same meaning as in 18 V.S.A. § 3602(4).
- (c) “Pharmacy benefit manager” has the same meaning as in 18 V.S.A § 3602(12)((A).
- (d) “Pharmacy benefit manager affiliate” has the same meaning as in 18 V.S.A. § 3602(13).
- (e) “Pharmacy benefit management” has the same meaning as in 18 V.S.A § 3602(11).

SECTION 4. APPLICABILITY AND SCOPE

No person or entity meeting the definition of a pharmacy benefit manager shall provide claims

processing services, prescription drug or device services for health benefit plans in this state without a valid and current pharmacy benefit manager license. Such license is not transferable or assignable and is valid only for the person or entity to whom issued.

SECTION 5. INITIAL LICENSE APPLICATION

(a) On or before January 1, 2026, and each year thereafter, each pharmacy benefit manager operating in Vermont shall complete a pharmacy benefit manager license application and submit to the Commissioner. The pharmacy benefit manager shall provide as part of the license application the following:

(1) Pharmacy benefit manager officer and business contact information including:

- (A) The name and address of the pharmacy benefit manager;
- (B) The names, business addresses, and job titles of the principal officers of the pharmacy benefit manager;
- (C) The name, business address, business telephone number, business email address, and job title of the officer or employee who should be contacted regarding any pharmacy benefit manager regulatory compliance concerns; and
- (D) The business telephone number and business email address where the pharmacy benefit manager personnel directly responsible for the processing of appeals from patients, providers and pharmacies may be contacted.

(2) Pharmacy benefit management organization documents:

- (A) A copy of the pharmacy benefit manager's organizational documents, including Articles of Incorporation, Articles of Association, and partnership agreements;
- (B) A copy of all by-laws or similar document(s), if any, regulating the conduct or the internal affairs of the pharmacy benefit manager or pharmacy benefit management affiliates; and
- (C) The relevant documentation, such as policies and procedures, and a detailed explanation, that demonstrates the pharmacy benefit manager has adopted processes to ensure compliance with 18 V.S.A §§ 9472-9473 including any written policies or procedures describing the appeals or dispute resolution processes between the pharmacy benefit manager and a pharmacy benefit manager-affiliated pharmacy, as applicable.

(3) Financial and Other Documents

- (A) The most recent year-end financial statement for the pharmacy benefit manager;

- (B) A listing of all health benefit plans the pharmacy benefit manager contracts with to provide pharmacy benefit management services for, in Vermont, including any non-ERISA self-funded or governmental plans;
- (C) The number of projected enrollees or beneficiaries in Vermont to be serviced by the applicant during the upcoming year for all contracted health benefit plans; and
- (D) A listing of any delegated or contracted companies that perform part of the pharmacy benefit manager's pharmacy benefit management services.

(4) Required Responses

A certified statement indicating whether the pharmacy benefit manager:

- (A) Has been refused or denied a registration, license, or certification to act as or provide the services of a pharmacy benefit manager in any state or federal entity, providing specific details separately for each such refusal or denial, if any, including the date, nature and disposition of the action;
- (B) Has had any registration, license or certification to act as or provide the services of a pharmacy benefit manager suspended, revoked or nonrenewed for any reason by any state or federal entity, providing specific details separately for each such suspension, revocation or nonrenewal, if any, including the date, nature and disposition of the action; and
- (C) Has had a business relationship with a health plan terminated for any finding by a court of law of fraudulent or illegal activities in connection with the administration of a pharmacy benefits plan, providing specific details regarding the termination.

(b) Application Fee

The applicant shall provide as part of the license application a nonrefundable application fee of and an initial licensure fee, pursuant to 18 V.S.A. §3611(b).

- (c) A pharmacy benefit manager providing services to less than 100 individuals in Vermont and unable to provide a required document in section 5 may submit to the Commissioner an exception request. The request must list the required document and provide a brief explanation.
- (d) If the applicant asserts information submitted in connection with an initial license application is proprietary or otherwise exempt from public inspection and copying under the Vermont Public Records Act, the applicant must designate the specific section or document claimed as exempt and provide a detailed explanation supporting the claim for exemption, including reference to applicable sections of the Vermont Public Records Act and other applicable law.

SECTION 6. RENEWAL LICENSE APPLICATION

- (a) Beginning on January 1, 2026, and each year thereafter, each pharmacy benefit manager operating in Vermont shall complete a renewal license application.
- (b) The pharmacy benefit manager shall provide as part of the renewal application the information in section 5(a).
- (c) The pharmacy benefit manager shall submit a non-refundable annual renewal license fee pursuant to 18 V.S.A. § 3611(d)(3).
- (d) If the applicant asserts information submitted in connection with a renewal license application is proprietary or otherwise exempt from public inspection and copying under the Vermont Public Records Act, the applicant must designate the specific section or document claimed as exempt and provide a detailed explanation supporting the claim for exemption, including reference to applicable sections of the Vermont Public Records Act and other applicable law.

SECTION 7. APPLICATION REVIEW

- (a) Upon receipt of a completed application for an initial or renewal pharmacy benefit license as required by section 6 and 7, the Commissioner shall review the application and may take the following actions:
 - (1) Approve the application;
 - (2) Notify the applicant, in writing, that the application is incomplete and request additional information to complete the review and, if the missing or requested information is not received, the Commissioner may deny the application; or
 - (3) Deny a registration pursuant to the criteria set forth in 18 V.S.A § 3611(c). If a pharmacy benefit manager license is denied, the Commissioner shall:
 - (A) Provide written notice to the applicant that the application has been denied and the grounds therefor; and
 - (B) Advise the applicant that they may request a reconsideration in accordance with 8 V.S.A § 2104.

SECTION 8. SEVERABILITY

If any provision of this rule or the application of it to any person, entity or circumstance is for any reason held to be invalid, the remainder of this rule shall not be affected.

SECTION 9. ENFORCEMENT

- (a) The Commissioner shall deny, suspend or revoke the license of a pharmacy benefit manager, or shall issue a cease and desist order should the pharmacy benefit manager not have a license if, after notice and opportunity for hearing, the Commissioner finds that the pharmacy benefit manager:
 - (1) Is in an unsound financial condition;
 - (2) Is not competent, trustworthy, or of good personal and business reputation;
 - (3) Has been found to have violated the insurance laws of this State or any other jurisdiction or has had an insurance license, registration or other certification or license denied, suspended, nonrenewed or revoked for cause by any jurisdiction.
 - (4) Is using such methods or practices in the conduct of its business so as to render its further transaction of business in this state hazardous or injurious to insured persons or the public;
 - (5) Has failed to pay any judgment rendered against it in this state within sixty (60) days after the judgment has become final;
 - (6) Has refused to have its books and records examined or audited as it relates to its provision of claim processing services or other prescription drug or device services for a health plan;
 - (7) Is required under this rule to have a pharmacy benefit manager license and fails at any time to meet any qualification for which issuance of a license could have been refused had the failure then existed and been known to the Commissioner, unless the Commissioner issued a license with knowledge of the ground for disqualification and had the authority to waive it; or
 - (8) Has failed to provide the required documents required under this rule.
- (b) The Commissioner may, without advance notice, and before a hearing may issue an order immediately suspending the license of a pharmacy benefit manager, or may issue a cease and desist order should the pharmacy benefit manager not have a license, if the Commissioner finds that one or more of the following circumstances exist:
 - (1) The pharmacy benefit manager is insolvent or impaired;
 - (2) A proceeding for receivership, conservatorship, rehabilitation, or other delinquency proceeding regarding the pharmacy benefit manager has been commenced in any state;
or
 - (3) The financial condition or business practices of the pharmacy benefit manager otherwise pose an imminent threat to the public health, safety, or welfare of Vermont residents.
- (c) At the time an order has been issued by the Commissioner in accordance with subsection b

of this section, the Commissioner shall serve notice to the pharmacy benefit manager that the pharmacy benefit manager may request a hearing within ten business days after the receipt of the order. If a hearing is requested, the Commissioner shall schedule a hearing within ten business days after receipt of the request. If a hearing is not requested and the Commissioner orders none, the order shall remain in effect until modified or vacated by the Commissioner.

If the Commissioner finds that one or more grounds exist for the suspension or revocation of a license issued under this part, or for a cease and desist order, the Commissioner may, in lieu of or in addition to the suspension, revocation or cease and desist order, impose a fine upon the pharmacy benefit manager.

SECTION 10. EFFECTIVE DATE

This rule shall take effect upon adoption.