

Pharmacy Benefit Managers (PBM) Licensure and Compliance FAQ

Updated as of December 6, 2024

This document provides guidance on licensure and compliance requirements for Pharmacy Benefit Managers (PBMs) operating in Vermont under Title 18, Chapter 77 of the Vermont Statutes Annotated (V.S.A.). For further details, please refer to 18. V.S.A. Chapter 77.

General Information

What is a Pharmacy Benefit Manager (PBM)? A PBM is an individual, corporation, or entity, including subsidiaries, that provides pharmacy benefit management services for health benefit plans. Pharmacy benefit management involves the procurement of prescription drugs at negotiated rates for dispensation within the state to beneficiaries and the administration or management of prescription drug benefits provided by a health benefit plan. Administrative services include:

- Mail order pharmacy service;
- Claims processing, retail network management, and payment of claims to pharmacies for prescription drugs dispensed to beneficiaries;
- Clinical formulary development and management services;
- Rebate contracting and administration;
- Patient compliance, therapeutic intervention, and generic substitution programs;
- Disease or chronic care management programs.

Excluded from the definition of a PBM are:

- Licensed healthcare facilities in Vermont;
- Licensed healthcare professionals in Vermont;
- Consultants who only provide advice on the selection or performance of a PBM;
- Health insurers performing claims processing and other prescription drug services exclusively for their enrollees;
- Entities providing PBM services for Vermont Medicaid.

PBMs may require a [TPA license](#) from DFR and to be registered at the GMCB as a TPA. See the DFR website for the requirements. <https://dfr.vermont.gov/industry/insurance/company-licensing/how-apply/third-party-administrator>

Licensing Requirements:

Do PBMs need to be licensed in Vermont? Yes. Pharmacy Benefit Managers (PBM's) for health benefit plans require licensure to operate in Vermont. PBM's currently operating in Vermont must be licensed by January 1, 2026, and application materials should be submitted to the DFR by July 1, 2025. All other PBM's must receive a license before commencing operation in Vermont.

Do PBMs still need to be registered with the Green Mountain Care Board? Yes. PBMs will need to register with the Green Mountain Care Board. See the website: <https://gmcboard.vermont.gov/content/registration-information-pbm>

How do I apply for a PBM license? PBMs must complete the application form provided by the DFR, submit the required fee, and include documentation demonstrating compliance with Vermont's licensure standards.

What documentation is required to demonstrate compliance with Vermont's licensure standards? To demonstrate compliance with Vermont's licensure standards, PBMs must provide the following documentation. Attach to the application a full explanation and/or the requested information for the bulleted items below. Failure to provide the required information or any omissions may result in the denial of this application.

Organizational and Financial Documents:

- Article of Incorporation, Articles of Association, and partnership agreements of the applicant.
- Copy of all by-laws or similar documents regarding the conduct or internal affairs of the applicant.
- The most recent audited year-end financial statements for the applicant and its controlling entity.
- Business Plan description.
- Does the applicant handle claims and or collect premiums? If so, a Third-Party Administrator License must be completed.
- Listing of all carriers with which the applicant is contracted to provide pharmacy benefit services in Vermont, including any non-ERISA self-funded or governmental plans.
- The number of projected enrollees or beneficiaries in Vermont to be serviced by the applicant during the upcoming year for all contracted insurers. If applicable, provide the actual number of enrollees or beneficiaries administered by the applicant during the previous calendar year.
- A list of any delegated or contracted companies that perform part of the PBM services.

What are the fees associated with obtaining a PBM license? Under Vermont law (18 V.S.A. Chapter 77), the following fees apply:

- Initial application fee: **\$1,600**
- Initial licensure fee: **\$10,000**
- Annual license renewal fee: **\$12,000**

Fees must be submitted with the respective applications and are non-refundable.

What is the renewal process for PBM licenses? PBM licenses must be renewed annually. Renewal applications must include any updates to previously submitted information, the annual fee, and any required reports for the preceding year.