

**State of Vermont**  
**Department of Financial Regulation**  
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## VIA ELECTRONIC MAIL

Date: January 15, 2026

To: Rep. Alyssa Black, Chair, House Committee on Health Care  
Sen. Virginia Lyons, Chair, Senate Committee on Health and Welfare  
Sen. Ann Cummings, Chair, Senate Committee on Finance

Re: 18 V.S.A. § 3604 Annual Report

Dear Representative Black, Senator Lyons, and Senator Cummings:

The Department of Financial Regulation (the Department) hereby submits this annual report on the licensure and oversight of pharmacy benefit managers (PBMs) operating in Vermont as required under 18 V.S.A. § 3604. The statute requires the Department to report each year on or before January 15 “regarding pharmacy benefit managers’ compliance” with the provisions of 18 V.S.A. chapter 77.

By way of reminder, Act 127 of 2024 (the Act) created a comprehensive framework for PBM licensure and regulation designed to promote transparency, protect consumers, and ensure fair prescription drug pricing practices. As this law is still in its first year of implementation, the Department’s primary focus has been on establishing the licensing program and preparing the regulatory and operational infrastructure necessary to enforce the full range of provisions contained within. In addition, the Department used the positions granted the Act to hire Lori Clark as PBM Investigator and Marcus Wilson as PBM Market Conduct Examiner. Ms. Clark brings substantial state government experience. Mr. Wilson adds PBM and related expertise from his former industry roles.

During the reporting period, the Department concentrated on receiving and reviewing PBM license applications, providing guidance to applicants, and creating internal processes to support future compliance monitoring and enforcement. By way of reminder, under 18 V.S.A. § 3604 applicants for a PBM license must pay an application fee in the amount of \$11,600.

Key licensing statistics for the period are as follows:

- Total applications received: 27
- Approved and licenses issued: 22
- Licensing revenue collected to date: approximately \$255,200

These figures demonstrate active engagement by PBMs in meeting the new licensure requirements and highlight the Department’s focus on establishing efficient, transparent licensing procedures. The Department will continue outreach efforts to industry to ensure that PBMs entering the Vermont market are aware of the requirements stipulated by the Act.



The Department has not initiated enforcement actions under the Act, as the primary emphasis has been on building the foundational systems, rulemaking, data tracking, and internal protocols necessary for long-term compliance monitoring and future enforcement actions. The Department engaged Risk & Regulatory Consulting LLC to assist in the next phase of its compliance work. This work will include the development of audit and enforcement capabilities and the gathering of information on PBM procedures and practices to further compliance with the requirements of the Act. These efforts will ensure that, as the PBM regulatory framework matures, the Department will be well-positioned to safeguard consumers, pharmacies, and health insurers through proactive oversight and enforcement where needed.

For more information about the Department's regulation of PBMs, please visit:  
<https://dfr.vermont.gov/pharmacy-benefit-managers>

Please let me know if you have any additional questions.

Thank you,



Mary S. Block  
Deputy Commissioner of Insurance

CC:  
Jennifer Carbee, Legislative Counsel  
Michael Fisher, Office of the Health Care Advocate