

SENATE No. 601

The Commonwealth of Massachusetts

PRESENTED BY:

Cynthia Stone Creem

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act prohibiting self-dealing by pharmacy benefit managers and pharmacies under common ownership.

PETITION OF:

NAME:

Cynthia Stone Creem

DISTRICT/ADDRESS:

Norfolk and Middlesex

SENATE No. 601

By Ms. Creem, a petition (accompanied by bill, Senate, No. 601) of Cynthia Stone Creem for legislation relative to pharmacy benefit managers. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 639 OF 2021-2022.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Third General Court
(2023-2024)**

An Act prohibiting self-dealing by pharmacy benefit managers and pharmacies under common ownership.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of chapter 6D of the General Laws, as appearing in the 2018
2 Official Edition, is hereby amended by inserting after the definition "Performance penalty" the
3 following definition:-

4 “Pharmacy benefit manager”, a person, business or other entity, however organized, that
5 directly or through a subsidiary provides pharmacy benefit management services for prescription
6 drugs and devices on behalf of a health benefit plan sponsor, including, but not limited to, a self-
7 insurance plan, labor union or other third-party payer; provided, however, that pharmacy benefit
8 management services shall include, but not be limited to: (i) the processing and payment of
9 claims for prescription drugs; (ii) the performance of drug utilization review; (iii) the processing
10 of drug prior authorization requests; (iv) pharmacy contracting; (v) the adjudication of appeals or

11 grievances related to prescription drug coverage contracts; (vi) formulary administration; (vii)
12 drug benefit design; (viii) mail and specialty drug pharmacy services; (ix) cost containment; (x)
13 clinical, safety and adherence programs for pharmacy services; and (xi) managing the cost of
14 covered prescription drugs; provided further, that “pharmacy benefit manager” shall include a
15 health benefit plan that does not contract with a pharmacy benefit manager and manages its own
16 prescription drug benefits unless specifically exempted by the commission.

17 SECTION 2. Chapter 6D of the General Laws, as appearing in the 2020 Official Edition,
18 is hereby amended by inserting the following new section:-

19 Section 20: A health benefit plan or pharmacy benefit manager shall not penalize,
20 require, or provide financial incentives, including variations in premiums, deductibles,
21 copayments, or coinsurance, to insureds as incentives to use a specific retail pharmacy, mail
22 order pharmacy, or other network pharmacy provider in which the health benefit plan or
23 pharmacy benefit manager has an ownership interest, that has an ownership interest in the health
24 benefit plan or pharmacy benefit manager, or that is otherwise under common ownership with
25 the health benefit plan or pharmacy benefit manager.