

**JOINT COMMITTEE ON FINANCIAL SERVICES  
2025-2026 (194<sup>th</sup>) BILL SUMMARY**

**Bill No:** H1167

**Title:** AN ACT TO ENACT PHARMACY BENEFIT MANAGER DUTIES

**Sponsor:** Rep. Sean Garballey (*Arlington*)

**Hearing Date:** June 10, 2025

**Reporting Deadline:** August 9, 2025

**Prior History:**

2024-24 (H1016): Reported favorably; Referred to Health Care Financing; Ordered to a House Study

**Similar Matters:** H1334 (Tyler – Identical); H1082 (Ayers); H1234 (Lawn); H1330 (Sullivan-Almeida)

**CURRENT LAW:**

*Chapter 342 of the Acts of 2024, An Act relative to pharmaceutical access, costs and transparency (PACT Act) § 37*

Empowers the division of insurance (DOI) to license and oversee pharmacy benefit managers (PBMs). Requires each PBM to be reviewed by DOI at least every three years. Allows DOI to establish rules for licensure; and to revoke, suspend or make provisional licenses based on the findings of its investigation. Includes PBMs in the health policy commission's (HPC's) annual Cost Trends Hearings.

**SUMMARY:**

This bill creates a new chapter in the General Laws, c. 175N *Pharmacy Benefit Manager Duty of Care*.

**Section 1. Definitions**

“Pharmacy benefit management fee”.

Fee that covers the cost of providing one or more pharmacy benefit management services and does not exceed the value of the service or services performed by the pharmacy benefit manager.

“Pharmacy benefit management service”:

Negotiating the price of prescription drugs, including negotiating and contracting for direct or indirect rebates, discounts, or other price concessions.

Managing aspects of a prescription drug benefit, including, processing and payment of claims for prescription drugs, utilization review, processing of drug prior authorization requests, adjudication of prescription drug appeals or grievances, contracting with network pharmacies,

controlling the cost of covered prescription drugs, managing data relating to the prescription drug benefit, or the provision of related services.

Performing any administrative, managerial, clinical, pricing, financial, reimbursement, data administration or reporting, or billing service and other services as the defined by the commissioner.

“Pharmacy benefit manager”

Any person that, pursuant to a written agreement with a carrier or health benefit plan, either directly or indirectly, provides one or more pharmacy benefit management services on behalf of the carrier or health benefit plan, and any agent, contractor, intermediary, affiliate, subsidiary, or related entity of such person who facilitates, provides, directs, or oversees the provision of the pharmacy benefit management services.

“Spread pricing”

Any amount charged or claimed by a pharmacy benefit manager in excess of the ingredient cost for a dispensed prescription drug plus dispensing fee paid directly or indirectly to any pharmacy, pharmacist, or other provider on behalf of the health benefit plan, less a pharmacy benefit management fee.

## **Section 2. Pharmacy Benefit Manager Duties**

A pharmacy benefit manager (PBM) owes a duty of care and good faith and fair dealing to enrollees, providers and health benefit plans. The insurance commissioner (commissioner) will adopt regulations defining the scope of these duties.

The commissioner will adopt regulations defining the scope of the duties owed to enrollees, including obligating PBMs to provide all PBM services related to formulary design, utilization management, and grievances and appeals to enrollees in a transparent manner consistent with enrollees’ best interest and disclosing to enrollees all conflicts of interest.

The commissioner will adopt regulations defining the scope of the duties owed to providers and health benefit plans, including obligating PBMs to disclose all conflicts of interest and to provide transparency to providers and health benefit plans about amounts charged or claimed by the PBM to identify spread pricing.

## **Section 3. Savings Clause**

If any section, provision, or portion of this Act, is held to be illegal or invalid, this will not affect any other portion, provision, or section of this Act.

## **Section 4. Penalties**

If the commissioner determines that a PBM is in violation of this chapter, the commissioner will issue a monetary penalty, suspend or revoke the PBM's license or take other action. The commissioner will establish a corresponding appeal process.

**Section 5. Rules**

The commissioner will adopt any necessary written policies, procedures, or regulations to implement this Act.