

**JOINT COMMITTEE ON FINANCIAL SERVICES
2025-2026 (194th) BILL SUMMARY**

Bill No: H1234

Title: AN ACT RELATIVE TO PHARMACY BENEFIT MANAGERS

Sponsor: Rep. John J. Lawn (*Watertown*)

Hearing Date: June 10, 2025

Reporting Deadline: August 9, 2025

Prior History:

2023-24 (H1215): Health Care Financing; Accompanied a new draft S2492; Reported new draft of S732, S749, S767, S778, S783, S784, S797, H619, H1176, H1201, H1205, H1206, H1215, H1246 and H1247; Reported favorably; Referred to SWM; SWM recommended ought to pass with an amendment, substituting a new draft, S2499; Order relative to subject matter adopted; Placed in Orders of the Day; Read second.

Similar Matters: H1082 (Ayers); H1167 (Garballey); H1330 (Sullivan-Almeida); H1334 (Tyler); H1364 (Fiola); S724 (DiDomenico)

CURRENT LAW:

M.G.L. c. 4 Statutes § 7 Definitions of statutory terms; statutory construction

M.G.L. c. 30A State Administrative Procedure

M.G.L. c. 66 Public Records § 10 Inspection and copies of public records; requests; written responses; extension of time; fees

M.G.L. c. 94C Controlled Substances Act § 21C Pharmacy prescription drug charges at point of sale must not exceed retail price

At the point of sale, a pharmacy shall charge an individual for a prescription drug the lesser of the applicable cost-sharing amount or the pharmacy retail price. A health benefit plan or carrier will not require an insured to make a cost-sharing payment for a prescription drug in an amount greater than that charged at the point of sale.

M.G.L. c. 176O Health Insurance Consumer Protections

M.G.L. c. 176Y Pharmacy Benefit Managers

Authorizes DOI to license and regulate PBMs operating in Massachusetts.

Prohibits a PBM from making payments to a pharmacy benefit consultant or broker if the payment constitutes a conflict of interest.

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 once every three years. Allows DOI to establish rules for PBM licensure; and to revoke, suspend or make provisional licenses based on the findings of its investigations. Includes PBMs in the health policy commission's (HPC's) annual Cost Trends Hearings.

Federal Internal Revenue Code § 223(c)(2)(C)

SUMMARY:

This bill seeks to regulate pharmacy benefit managers (PBMs)

SECTION 1: Requires insurance carriers to forward estimated rebates received by carriers or PBMs to consumers.

SECTIONS 2-4: New definitions for *chapter 176Y* relative to the new chapter sections.

SECTION 5: Adds 9 new sections to *chapter 176Y*.

Section 5: Requires PBMs to have a duty of good faith and fair dealing with all parties with which they interact in the performance of PBM services.

Section 6: Requires PBMs to provide an adequate and accessible network for prescription drugs.

Section 7: Prohibits retroactive claw-backs by PBMs towards pharmacies and consumers after a completed prescription drug transaction.

Section 8: Establishes that PBMs must maintain a Maximum Allowable Cost (MAC) list for generic prescription drugs and must reimburse a pharmacy for drugs at the same amount that the PBM reimburses PBM affiliates for providing the same pharmacy services.

Section 9: Prohibits PBM spread pricing (where PBMs charge health plans higher prices than they pay to pharmacies), point of sale fees and retroactive fees.

Section 10: Imposes a 10% surcharge on PBMs that violate Section 9.

Section 11: Requires PBMs to include any cost-sharing amounts paid by an enrollee or another third party on behalf of an enrollee when calculating an enrollee's total cost-sharing contributions to be certain that the amounts count towards the calculation of an enrollee's contributions toward their deductible and total out-of-pocket spend.

Section 12: Requires PBMs to submit periodic audits to their contracting carriers.

Section 13: Prohibits PBM contracts with pharmacies that exclude, restrict or limit disclosures of information to the division of insurance (DOI) deemed necessary by DOI to ensure a pharmacy benefit manager's compliance with the requirements under the new PBM chapter and consumer protection laws.