



Office of  
**Representative Hannah E. Kane**  
Commonwealth of Massachusetts

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## **Representative Kane supports bill to limit out of pocket prescription costs for consumers and license PBMs**

**BOSTON** – State Representative Hannah Kane (R-Shrewsbury) is hailing the passage of legislation that limits out of pocket prescription costs for consumers and authorizes the state’s Division of Insurance (DOI) to license and regulate pharmacy benefit managers (PBMs).

Senate Bill 3012, *An Act relative to pharmaceutical access, costs and transparency*, was approved by the House of Representatives and the Senate on December 30 and is now on Governor Maura Healey’s desk for her review and signature. Also known as the PACT Act, the bill represents a compromise agreement negotiated by a six-member conference committee that worked to resolve the differences between prior versions of the bill passed in both legislative branches.

Representative Kane, who supported the original House version of the bill that was engrossed on a vote of 158-0 on July 24, said the PACT Act will help consumers by making certain prescription drugs more affordable, including insulin. She noted that the bill requires health insurers offering individual or group health maintenance policies in Massachusetts, including MassHealth, to limit out-of-pocket costs for medications used to treat diabetes, asthma, and the two most prevalent heart conditions among their members, with insurers required to select one generic and one brand name drug to be subject to a co-pay cap.

Under the PACT Act, generic drugs selected by insurers must be provided to members free of charge and will not be subject to any co-payments, co-insurance, or deductible. For brand name drugs selected by insurers, co-pays will be capped at \$25 for a 30-day supply. Representative Kane said the bill preserves the original House bill’s provision ensuring a continuity of coverage policy for new members who have been previously prescribed and are stable on a drug that has not been selected by the insurer.

According to Representative Kane, the PACT Act also establishes a formal licensing process for pharmacy benefit managers (PBMs), who act as intermediaries between health insurance companies, pharmacies, and drug manufacturers to manage prescription drug benefits. The bill authorizes DOI to license and regulate PBMs operating in Massachusetts, with licenses valid for 3 years and renewals subject to the same time limits.

In addition to conducting examinations to ensure that a pharmacy benefit manager can meet its responsibilities under contracts with carriers, DOI will also be empowered to suspend, revoke, or renew a license with restrictions if such action is deemed necessary to protect the best interest of consumers. The bill sets a fee of \$25,000 for applying for or renewing a license.

Representative Kane said the PACT Act establishes an Office for Pharmaceutical Policy and Analysis (OPPA) within the Health Policy Commission (HPC). The OPPA will be primarily responsible for analyzing trends related to the access and affordability of pharmaceutical drugs in the Commonwealth and will advise the state in matters relating to pharmaceutical drug policy.

Other highlights of the PACT Act cited by Representative Kane include:

- consumer protection and cost sharing provisions directing pharmacies to charge the appropriate cost-sharing amount or pharmacy retail price, whichever is less, at the point of sale;
- language allowing the Center for Health Information and Analysis (CHIA) to collect and analyze data from PBMs and pharmaceutical manufacturing companies, including a wide range of information pertaining to drug costs, with the costs associated with this analysis funded by an assessment imposed on pharmaceutical manufacturers and PBMs; and
- language directing the HPC to incorporate PBMs, pharmaceutical manufacturing companies, significant equity investors, health care real estate investment trusts, and management services organizations into its annual cost trends hearing, and requiring representatives of these entities to provide a variety of information in their testimony including factors that impact drug costs and price changes.

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