



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

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**Representative Kane supports pharmaceutical access bill  
designed to limit out of pocket costs for consumers**

*Legislation also establishes a licensing process for pharmacy benefit managers*

**BOSTON** – State Representative Hannah Kane (R-Shrewsbury) recently voted to support a pharmacy access bill focused on limiting out of pocket prescription costs for consumers and establishing a licensing process for pharmacy benefit managers (PBMs).

House Bill 4891, *An Act relative to pharmaceutical access, costs and transparency*, also known as the PACT Act, was engrossed by the House of Representatives on July 24 on a vote of 158-0. The Senate passed its own version of the bill on November 15, and the differences between the two proposals will now have to be worked out in conference committee negotiations.

Representative Kane said the PACT Act would require health insurers offering policies in Massachusetts to limit consumers' out-of-pocket costs for medications used to treat diabetes, asthma, and heart conditions that are most prevalent among their members. Insurers would be required to select one generic and one brand name drug for each of these conditions, with generic drugs to be offered to members without a co-payment or other cost-sharing, and co-payments for brand name drugs capped at \$25 for a 30-day supply. New members will be allowed to receive coverage from their insurer for a 30-day supply of any drugs they have already been prescribed and on which they are stable, with documentation by the member's prescriber.

According to Representative Kane, House Bill 4891 contains provisions detailing how insurers must go about selecting a drug for each medical condition. Among the factors insurers must consider is whether the drug is of clear benefit, is likely to reduce hospital visits, is cost effective, and is one of the most widely utilized treatments for the condition.

House Bill 4891 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 state's Division of Insurance (DOI) would oversee the process, including the development of an application and an examination to ensure that PBMs are able to meet their responsibilities under contracts with carriers. Representative Kane said PBMs would receive a license that is valid for three years, and for three-year renewal periods, but would be subject to having their license suspended, revoked, or renewed with restrictions if DOI determines such action is needed to protect the best interest of consumers.

Under the PACT Act, PBMs would be prohibited from using "spread pricing", a prescription drug pricing model in which the PBM charges a health benefit plan a contracted price for prescription drugs, and the contracted price for the prescription drugs differs from the amount the PBM directly or indirectly pays the pharmacy. In addition, PBMs would be required to offer an accessible network for prescription drugs that provides patients with convenient access to pharmacies within a reasonable distance from their residence. Representative Kane said the legislation also ensures that consumers can benefit from drug rebates by requiring that 80% of the rebates received by PBMs or carriers is made available to an insured person at the point of sale.

The bill establishes an Office for Pharmaceutical Policy and Analysis (OPPA), which will analyze pharmaceutical spending data collected by the Health Policy Commission (HPC) and report on the accessibility, affordability of and spending on pharmaceutical drugs in the state. The OPPA will also analyze records related to pharmaceutical pricing disclosed to the HPC and assist the commission in identifying proposed supplemental rebates for eligible drugs, while also advising the Legislature and state agencies on matters related to pharmaceutical drug policy.

Additional provisions contained in the bill include language authorizing the Center for Health Information and Analysis (CHIA) to collect, analyze, and disseminate information from pharmaceutical manufacturers and PBMs, including a wide range of information pertaining to drug costs. CHIA will also be tasked with preparing an annual report detailing a list of not more than 10 outpatient prescription drugs that the center determines are provided at a substantial cost to the Commonwealth considering the net cost of such drugs and have experienced a substantial net increase.

According to Representative Kane, several amendments were adopted during the House floor debate, including one that would require pharmacies to provide a minimum of 60 days' written notice before any planned closure, and would require a public hearing to be held if it is determined the closure would create a pharmacy desert in which consumers would have little or no access to pharmacies. The House also adopted language that would create a commission to investigate and assess the feasibility of state-sponsored prescription drug manufacturing or distribution in the Commonwealth.

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