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**Legislature Enhances Massachusetts Oversight of Pharmaceutical Industry, Lowering Costs and Saving Lives**

*Bill includes oversight reforms to improve affordability of and access to prescription drugs*

**BOSTON (12/30/2024)**—Today the Massachusetts Legislature passed comprehensive reforms to lower the cost of prescription drugs at the pharmacy counter and improve oversight of the state’s pharmaceutical industry.

[S.3012](https://malegislature.gov/Bills/193/S3012), *An Act relative to pharmaceutical access, costs, and transparency*, requires health insurers to cover life-saving medications for diabetes, asthma, and certain heart conditions with no or limited out-of-pocket costs for patients. The measure is particularly critical for residents of color, who disproportionately face chronic illnesses.

The bill takes bold action to lower out-of-pocket costs and ensure access to life saving medications by offering immediate price relief for prescription drugs used to treat diabetes, asthma, and certain heart conditions. For each condition, the bill requires insurers to eliminate cost-sharing requirements for one generic drug and to cap co-payments on one brand-name drug at $25 per 30-day supply.

It further brings down consumer costs by ensuring that consumers are not charged a cost-sharing amount, such as a co-pay, if it would be cheaper for them to purchase the drug without using their insurance.

“If you live with a condition that requires prescription medication, you deserve the right to access that drug, without worrying about how expensive it is or whether it will be available,” said **Senate President Karen E. Spilka (D-Ashland)**. “Today’s legislation will lower costs at the pharmacy counter and hold pharmaceutical companies and pharmacy benefit managers accountable—an important step towards making that right a reality for every resident, and especially those who are disproportionately impacted by chronic illness. I am extremely grateful for the unwavering and tireless work of Senator Friedman, as well as to Senator Cronin, my colleagues in the Senate, and our partners in the House, for getting this bill to the Governor’s desk.”

“Ensuring that patients with chronic illnesses are able to afford the lifesaving medications that are prescribed to them is a prerequisite for establishing health care as a human right, which is why the price caps included in this legislation are so important. At the same time, it is also imperative that lawmakers and regulators have insight into the complex inner workings of the pharmaceutical industry, as that access will make future, necessary reforms possible, said **House Speaker Ronald J. Mariano (D-Quincy).** “I want to thank Chairman Lawn and the members of the conference committee for their hard work, as well as all my colleagues in the House and our partners in the Senate for voting to send this critical legislation to the Governor’s desk for her signature.”

“Nearly six years after I first introduced this legislation, the Massachusetts Legislature has now taken a strong step towards reining in prescription drug prices while enhancing transparency and oversight within the pharmaceutical industry,” said **Senator Cindy F. Friedman (D-Arlington), Senate chair of the Joint Committee on Health Care Financing and Senate Chair of the Conference Committee.** “Massachusetts often serves as a national leader, providing ground-breaking health care services and fostering innovative breakthroughs for our biotech and life sciences sector, but everyday residents of our Commonwealth are being priced out of essential and life-saving medications. This bill begins to meet the urgency of this challenge by eliminating cost-sharing for generic drugs and capping out-of-pocket costs for brand name drugs used to treat diabetes, asthma, and certain heart conditions. I deeply believe that Massachusetts deserves a health care system that delivers affordable, high quality and accessible care to all our residents and this bill brings us one step closer to that goal. I thank my colleagues in the House for the collaboration and look forward to continuing our work to providing much needed relief for high-cost drugs.”

“Under the visionary leadership of Speaker Mariano, the House has worked to ensure that all Massachusetts residents have access to high quality affordable health care,” **said Representative John Lawn (D-Watertown), House Chairman of the Joint Committee on Health Care Financing.** “This legislation continues that legacy by shining a light on pharmacy benefit managers, whose deceptive business practices increase drug prices, decrease transparency, and harm consumers and independent pharmacies.”

“This legislation will save residents with chronic illnesses thousands of dollars and ensure their medication is affordable,” said **Senator John J. Cronin (D-Fitchburg), a member of the Conference Committee**. “I’m excited to see this legislation reach the finish line and proud of the impact it will have for working families in our Commonwealth.”

“This critical piece of legislation will positively impact every resident in Massachusetts by making life-saving and essential prescription drugs more affordable for individuals and families,” said **Representative Frank A. Moran (D-Lawrence),** Second Assistant Majority Leader and a member of the conference committee. “This once in a generation bill will lower healthcare costs in our state, while also ensuring that additional oversight is in place to protect patients through market transparency and more. I would like to thank my colleagues on this conference committee for their thoughtful approach to crafting this bill and looking forward to seeing its transformative effects in the future.”

MEMBER QUOTE

Approximately [nine per cent of Massachusetts residents](https://diabetes.org/sites/default/files/2023-09/ADV_2023_State_Fact_sheets_all_rev_Massachusetts.pdf) have diagnosed diabetes and [6.2 per cent of adults over 35](https://www.mass.gov/info-details/basic-facts-about-heart-disease#:~:text=6.2%25%20of%20Massachusetts%20adults%2035%2B%20have%20heart%20disease.) live with heart disease. In 2015, more than [10 per cent of residents](https://www.mass.gov/info-details/statistics-about-asthma#:~:text=About%20one%20out%20of%20every,of%20adults%20and%2012.9%25%20children.) lived with asthma. Black residents face each at a higher rate—[over 12](https://www.mass.gov/info-details/massachusetts-diabetes-data#:~:text=Diabetes%20prevalence%20in%20Massachusetts%20has,diabetes%20related%20emergency%20department%20visits.) per cent live with diabetes and nearly [14](https://www.mass.gov/info-details/statistics-about-asthma#:~:text=The%20prevalence%20of%20asthma%20is%20high%20in%20Massachusetts&text=The%20prevalence%20of%20current%20asthma,ethnicity%20subgroups%20in%2020152.) per cent of Black adults live with asthma.

The bill drastically increases state oversight of pharmacy benefit managers (PBMs), which currently negotiate prescription drug prices with little oversight, making it unclear if they consistently act in the best interest of consumers. To do so, the legislation authorizes the [Division of Insurance](https://www.mass.gov/orgs/division-of-insurance) (DOI) to license and regulate PBMs. PBMs are also prohibited from making payments to pharmacy benefit consultants or brokers who work on behalf of health plan sponsors during a contracting or bidding process.

To create a more complete data-driven picture of drug costs in Massachusetts, the [Center for Health Information and Analysis](https://www.chiamass.gov/about-the-agency) (CHIA) will collect a range of drug cost information from pharmaceutical manufacturers and PBMs. With the data, CHIA can offer a more complete examination of the drivers of health care costs in its annual health care cost report, allowing policymakers and consumers to better understand the role of pharmaceutical manufacturers and PBMs in the health care system.

In addition to CHIA’s cost analysis, pharmaceutical manufacturers and PBMs will be included in the Health Policy Commission (HPC)’s [Annual Health Care Cost Trends Hearing](https://masshpc.gov/cost-containment/cost-trends) for the first time. Participation in the hearings will require manufacturers and PBMs to provide public testimony on the factors that influence drug costs, allowing those factors to be taken into account as the commission identifies how to improve care and reduce costs for residents.

Further, the legislation establishes the Office for Pharmaceutical Policy and Analysis within HPC, which will be tasked with analyzing trends related to pharmaceutical access, affordability, and spending in Massachusetts. The office will publish an annual report with recommendations for strategies to mitigate pharmaceutical spending growth, promote affordability and enhance pharmaceutical access.

Both chambers having accepted and enacted the conference committee report, *An Act Relative to Pharmaceutical Access, Costs, and Transparency* now heads to Governor Healey’s desk for her signature.

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