



# GOVERNOR JOSH SHAPIRO

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**Governor Shapiro, Pennsylvania Insurance Commissioner Join  
Bipartisan Group of Legislators to Spotlight New Laws that Increase  
Transparency and Accountability of Pharmacy Benefit Managers, Cut  
Costs, and Support Local Pharmacies**

*Governor Shapiro has followed through on his commitment to increase transparency and accountability of PBMs, after calling for legislative reform in his budget address earlier this year.*

*HB 1993 grants the Pennsylvania Insurance Department regulatory oversight of PBMs to end predatory practices and save Pennsylvanians money on prescription drugs.*



**New Castle, PA – Today, Governor Josh Shapiro** joined **Pennsylvania Insurance Commissioner Michael Humphreys**, members of the General Assembly and local pharmacists in Lawrence County to highlight the bipartisan reforms that

increased oversight of pharmacy benefit managers (PBMs), the hidden “middlemen” of the pharmaceutical supply chain who largely go unchecked and unregulated as they negotiate the price of prescription drugs, passing the costs down to Pennsylvanians.

Last week, Governor Shapiro signed [House Bill \(HB\) 1993](#) into law, providing stronger protections for commercially insured patients in the Commonwealth and increasing regulatory oversight of PBMs.

“For too long, we’ve had PBMs – these unseen middlemen – manipulating and profiting off of the pharmaceutical system at the expense of consumers and our community pharmacies,” said **Governor Shapiro**. “They’ve been failing to significantly reduce prices, unilaterally changing the terms of contracts with pharmacies, and picking and choosing who wins and who loses. These predatory practices have been screwing over the good people of Pennsylvania, forcing dozens of local independent pharmacies to close in the process. But my Administration and lawmakers from both parties came together to do something about it and put a stop to PBMs’ unsavory practices. We’ve shown that we can work together and get stuff done, giving Pennsylvanians transparency and more peace of mind.”

Charged with negotiating the price of prescription drugs between health insurance companies and drug manufacturers, PBMs also establish pharmacy networks, set compensation formulas for pharmacy payments, and determine patient co-payments – and often do so behind the scenes, hidden from public view.

During his [2024-25 budget address](#), Governor Shapiro [called for legislation](#) to reform the operations of PBMs to help Pennsylvanians impacted by the rising costs of prescription drugs and bring price transparency into the pharmaceutical supply chain. The bipartisan **HB 1993** grants the Pennsylvania Insurance Department (PID) the authority to regulate PBM practices and contains several important protections that will benefit commercially insured Pennsylvanians.

“Governor Shapiro has been unwavering in his push for bipartisan legislation that had the tools to reform the operations of PBMs,” said **Commissioner Humphreys**. “With the signing of this bill, our department now has the necessary resources to protect commercially insured Pennsylvania consumers and increase transparency and accountability when it comes to PBMs. Most importantly, this allows PID to gain a stronger understanding of the drivers of prescription costs, which will subsequently help us ensure consumers are paying a reasonable price for their medication, at a pharmacy nearby.”

HB 1993 is the result of bipartisan efforts to ensure that Pennsylvanians are no longer being screwed and that access to local, independent pharmacies is maintained.

“As the prime sponsor of HB1993, I’m grateful for Governor Shapiro’s support and the bipartisan efforts which led to the passage of a law that will help keep local pharmacies in business and lower costs for patients,” said **Representative Jess Benham**.

"Unfortunately, we are seeing many of our community pharmacies closing," said **Senator Michele Brooks**. "At a time when families are sick and they are most vulnerable, it's comforting to know that in our communities we have a hometown pharmacist that we trust, can talk to, and answer our questions. Hopefully, HB1993 brings us one step closer to helping pharmacies remain in our communities."

"This was truly a bipartisan effort, it was bicameral. And we couldn't have done it without everybody working together, and of course, having Governor Shapiro sign this bill," said **Representative Valerie Gaydos**. "We all know that medication management is the most important aspect of health care from your doctor to your pharmacist to you and all doctors and pharmacies deal with PBMs but many of the practices that were set forth by PBMs have resulted in barriers to really providing good health care. This law signifies the dedication that fostering healthcare and healthcare environments, upholds patient welfare and supports our local pharmacies, which are really a vital portion of our communities."

"This legislation is a steppingstone to curtailing and regulating some of the harmful and unfair business practices of PBMs that are one-sided and unilaterally imposed on both our community pharmacies and our patients who want to visit our pharmacies," said **Ron McDermott, Senior VP of Operations at Hometown Pharmacy Solutions**. "Community pharmacies do the extras that the most vulnerable patients need to stay healthy and out of the hospital. Whether it's special compliance packaging, home delivery, or extra time discussing their medications with their pharmacist – access to these pharmacies is critical! Our pharmacies are there because we want to help and treat our patients."

"The bedrock of an economy whether it's in the Commonwealth of Pennsylvania or anyplace else, is going to be the small businessman, and if we let them go under, whether it happens to be healthcare, manufacturing, whatever it happens to be, we are not going to have an economy," said **Jack Melvin, a customer at The Hometown Pharmacy**. "To leave the big boys run everything and take all the money, you can't as a private owner stay in business. That's the reason the Governor is so valuable to us."

According to [the Center for Rural Pennsylvania](#), approximately 540,000 rural Pennsylvania residents [lived in a pharmacy desert at least five miles](#) from the nearest pharmacy in 2022. Since January 2024, over 140 pharmacies have closed in Pennsylvania according to the [ACT Pharmacy Collaborative](#), and the Pennsylvania Pharmacists Association [estimates](#) that over 70 of those pharmacies are independently run. Currently, [21 of Pennsylvania's 67 counties](#) already have fewer than 10 pharmacies.

HB 1993 provides several tools to help Pennsylvanians save money including:

- **Prohibiting certain “patient steering”** practices, such as requiring a policyholder to purchase drugs exclusively through a mail order pharmacy or at a pharmacy owned or controlled by the PBM.
- **Banning claw backs** that lead to higher out-of-pocket expenses for consumers at the pharmacy counter.
  - - PBMs artificially inflate copays so that they can collect profit. For instance, if a consumer copay is \$20 and the drug’s actual cost is \$5, PBMs and insurers “claw back” the \$15 difference for profit.
- **Prohibiting PBMs from unilaterally altering the terms of a contract** with a pharmacy or pharmacy services administrative organizations.
  - - Before this bill, PBMs had the ability to alter terms of a contract without input from pharmacies, which would make it difficult for some small pharmacies to do business. As a result of this bill, PBMs now must confer and get agreement from pharmacies before changing terms of a contract.
- **Increasing regulatory authority for PID**, to boost transparency into PBMs’ problematic behavior that ultimately results in increased healthcare costs for consumers. Additional regulations can ensure that PBMs prioritize patient affordability, promote fair competition, and operate transparently, ultimately leading to a more accountable and consumer-friendly health care system. Some regulatory changes include:
  - - - Requiring PBMs to submit specific data/information annually to PID about rebates/transparency/cost
      - Examining or auditing books/records of any PBM
      - Revoking a PBM’s registration to operate in PA, and/or fine PBMs a penalty of up to \$1 million per calendar year for non-compliance with the law
- **Boosting transparency** that didn’t exist before, because PBMs were not subject to any public disclosure about their operations and pricing. This bill will require PID to issue an annual report on key metrics associated with regulating PBMs including but not limited to, rebates, administrative fees, affiliate and non-affiliate reimbursements (if applicable).
- **Prohibiting a pharmacy from charging a price that is more** than the consumer would pay if they walked in off the street and paid in cash or that is more than the pharmacy would receive from the insurer or PBM.

This law – now Act 77 of 2024 – also prevents PBMs from hiding predatory practices that drive up profits by requiring the submission of several reports to PID, including one that requires each PBM to disclose all the manufacturer rebates it receives and does not pass through to its clients. Another report will require each PBM to disclose the adequacy of its pharmacy networks.

Both reports will be posted on PID's website after full implementation in 2026.

The law has a staggered effective date. However, all provisions of the new law will be applicable to health insurance policies approved and pharmacy contracts issued, renewed, or amended after November 14, 2024. The first of the newly required PBM reports will become due in 2026, after a full year of data is available. The first annual Network Adequacy Reports will be filed on April 1, 2026, and the first annual Transparency Reports will be published by August 30, 2026.

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