



# GOVERNOR JOSH SHAPIRO

**FOR IMMEDIATE RELEASE**

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**MEDIA CONTACT:**

Governor's Press Office: [ra-gvqgovpress@pa.gov](mailto:ra-gvqgovpress@pa.gov)

**Governor Shapiro, Pennsylvania Insurance Commissioner, Legislative Leaders  
Host Ceremonial Bill Signing of New Law that Increases Transparency and  
Accountability of Pharmacy Benefit Managers, Cuts Costs, and Supports 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.*



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**Hollidaysburg, PA** – Today, **Governor Josh Shapiro** joined **Pennsylvania Insurance Commissioner Michael Humphreys**, members of the General Assembly and local pharmacists at Thompson Pharmacy in Blair County for a ceremonial bill signing of bipartisan reforms in the [2024-25 budget](#) that increase 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.

“Since January 1st of this year, over 70 independent pharmacies have closed their doors in the Commonwealth of Pennsylvania, and 21 of Pennsylvania’s 67 counties already have fewer than 10 pharmacies,” said **Governor Shapiro**. “Local independent pharmacies are being forced out of business, primarily due to the greed and conduct of PBMs – the unseen middlemen – who manipulate and profit off of the pharmaceutical system, screwing over consumers and our community pharmacies along the way. The bipartisan bill I am signing today will give the Pennsylvania Insurance Department the power to pull back the curtain on PBM business practices, examine the books, and get real answers from them. We’re cutting health care costs for Pennsylvanians and supporting local, independent pharmacies that support our communities.”

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.

“This commonsense legislation – now law – will truly make a difference for consumers all across the state,” said **Commissioner Humphreys**. “Governor Shapiro made a strong push for this bipartisan legislation, and now our department has the regulatory authority it needed to increase transparency and accountability when it comes to PBMs. PID is looking forward to taking a closer look at this issue and, most importantly, doing whatever necessary to protect consumers.”

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

“I’ve spoken with independent pharmacy owners in big cities, small towns, and everywhere in between, and the story is always the same: that the pharmaceutical industry is currently set up to allow large corporations to dominate the market and drive up the cost of prescription drugs,” said **Rep. Jessica Benham**. “I know that my bill, which Governor Shapiro signed into law last week, will help more community pharmacies stay in business, and I’m so proud we were able to come together in a bipartisan fashion to get this done.”

“I was thrilled to celebrate the signing of pharmacy benefit manager reform (PBM) legislation at Thompson’s Pharmacy in my hometown of Hollidaysburg,” said **Senator Judy Ward**. “Bill Thompson was the first to bring the unfair business practices of PBMs and the urgent need for reform to my attention. This legislation will provide critical relief to pharmacies across Pennsylvania and help them to continue to offer high-quality care to the countless people that depend on them.”

“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,” said **pharmacist Bill Thompson**. “Our pharmacies are here because we want to help and treat our patients. The Pennsylvania Insurance Department will now have the authority to regulate and correct PBM injustices. As a result, access to quality healthcare will be more readily available to patients and our pharmacies should suffer less harm from the anti-competitive tactics used by PBM’s.”

“Having convenient access to quality pharmacy care is important. How many times have any of us been out running errands and when we get home realize we forgot one, even something as important as picking up a prescription? Imagine if that was you and then you had to turn around and drive 15 miles back to the pharmacy because I had to close the doors to my pharmacy due to PBMs,” said **pharmacist Joe Breton**, whose store is in Bedford County. “I know many people, myself included, would think ‘do I really need that medicine today?’ Keeping pharmacies open in rural areas helps people take their medications daily and prevents more serious medical complications.”

“Thompson’s has been my pharmacy for many, many years. You walk in and all these guys are great,” said **Kathy Kilgore, a customer at Thompson Pharmacy**. “You have a question about how to take this med, they’re right there beside you telling you how to take it, and they’re going to make sure you’re doing it well. You don’t get that at Walgreens or Rite-Aid or CVS.”

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.
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  - 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 “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.
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  - 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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