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# Pennsylvania's New PBM Reform Law: What Pharmacists Need to Know

**For far too long, Pennsylvania's pharmacy benefit managers (PBMs) have failed to deliver what was owed to pharmacists across the commonwealth. The result has been a rash of pharmacy closures, including 140 in just the first half of 2024. Nearly a third of all counties have fewer than 10 pharmacies. Act 77 of 2024 provides an important start toward reigning in the power of PBMs and providing relief to pharmacists.**

## HIGHLIGHTS OF ACT 77 OF 2024

- **PBM oversight now falls under the Pennsylvania Department of Insurance.** The department can audit PBMs, health insurers and PBM affiliates to ensure compliance. They also can impose fees and other necessary actions for enforcement and revoke a PBM registration.
- **Enforces contract provisions that ensure fairness to pharmacists.** PBMs cannot unilaterally change terms of a contract or reimburse retail pharmacies less than what they reimburse their own affiliated pharmacies for the same services and ensures fairness for 340B parties.
- **Places strict limits on PBM patient steering.** This ensures patients have access to their local pharmacies without the threat of financial penalties from PBMs. A patient's prescription cannot be transferred from an in-network pharmacy to another pharmacy unless it is requested by the patient.
- **PBMs must provide an adequate and accessible retail pharmacy network for prescription drugs.** This must be done under a health benefit plan that is within a reasonable distance from a patient's residence and not be limited to affiliated pharmacies only. PBMs must submit an annual network adequacy report to the state Department of Insurance.
- **PBMs must meet or exceed the requirements for access to covered Part D drugs or its successor.** If a PBM fails to comply with the requirements, it shall be considered a violation.
- **A comprehensive study of PBM business practices, as part of Insurance Department oversight.** Among the requirements, PBMs must provide the total amount of all rebates and administrative fees that the PBM received from all pharmaceutical manufacturers for all health insurers and their clients.
- **Specialty medication will now be specifically defined.** PBMs can only classify a medication as a specialty medication if it fits the specific requirements we fought for in Act 77. This will allow more medications to be dispensed at a community pharmacy and prevent PBMs from restricting access.

"We're making progress in holding PBMs accountable to pharmacists and delivering what was promised. This law is a strong step forward in helping to protect access to local pharmacies for Pennsylvania families." — **Victoria E. Elliott, CEO of the Pennsylvania Pharmacists Association**

"For the Pennsylvania Insurance Department, this new authority will allow us to delve into PBM practices, so that we can have a stronger understanding of the drivers of prescription costs. Most importantly, it's going to help the department protect Pennsylvanians from unfair business practices and ensure they have somewhere relatively close to get their prescriptions filled at a reasonable price." — **Pennsylvania Insurance Commissioner Michael Humphreys**

"Putting middlemen like PBMs in check is essential in giving power back to community pharmacies and the patients they serve every day." — **Rep. Jessica Benham, prime sponsor of HB 1993 (Act 77 of 2024)**

"While PBMs can serve a valuable role in controlling drug costs, greater transparency, more accountability and oversight will help ensure that PBMs act in the best interests of patients and the health care system as a whole, as well as ensure that the free market is working to provide the best care at the best price to all." — **Rep. Valerie Gaydos, a co-sponsor of the bill**

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A message from PA Pharmacists Association, PA Association of Chain Drug Stores, Philadelphia Association of Retail Druggists and Value Drug Company



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