MAHP
MASSACHUSETTS ASSOCIATION of HEALTH PLANS

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Statement from Lora Pellegrini, President and CEO of the Massachusetts Association of Health Plans On the Health Policy Commission's Report on MassHealth Pharmacy Benefit Reforms

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"Massachusetts is facing significant health care affordability challenges and rising prescription drug costs are putting increasing pressure on the Commonwealth's ability to sustain coverage for the nearly two million Massachusetts residents who depend on MassHealth. The Health Policy Commission's report highlights the need to address rising prescription drug spending and identify opportunities to improve the long-term sustainability of MassHealth. However, any proposal to fundamentally restructure pharmacy benefits must be evaluated not only for its potential savings, but also for its impact on access to care, health equity, and affordability across the broader health care market, including the impact on individuals, small businesses, and mid-size and large employer groups that could face higher costs if health plans lose the purchasing scale and volume discounts they currently receive.

The HPC's analysis presents an incomplete picture of the potential savings and costs associated with the proposed reforms. It does not fully account for implementation costs, ongoing administrative expenses, federal rebate-sharing requirements, or the financial risk that would shift to the state under a pharmacy carve-out. A significant portion of the projected savings stems from changes to the federal 340B Drug Pricing Program, yet the estimates do not fully account for potential state payments to offset resulting hospital revenue losses. The analysis also fails to adequately substantiate the costs MassHealth would incur in assuming pharmacy responsibilities currently managed by health plans and their pharmacy benefit managers. Additionally, the report counts the elimination of payments to health plans for assuming pharmacy financial risk as savings, even though that risk would simply transfer to MassHealth. Finally, it does not assess how the loss of purchasing scale and volume discounts could increase pharmacy costs in other market segments.

Equally important are the implications for residents with chronic conditions, behavioral health needs, and other complex health challenges. Massachusetts has spent years building an accountable care system that integrates medical, behavioral health, and pharmacy services, aligning responsibility for patient outcomes with accountability for the total cost of care. Health plans are integral to this model, ensuring that prescription drug decisions reflect members' broader health needs. Carving out pharmacy benefits risks fragmenting care and weakening that accountability, particularly for residents who already face barriers to accessing services.

Given the significant financial and operational implications of this proposed policy change and mixed results from other states that have adopted similar measures, greater transparency is essential to fully evaluate its potential savings to the Commonwealth and its impact on the fully insured market. Last week, the House of Representatives recognized the importance of this analysis by passing provisions in its supplemental budget requiring a comprehensive evaluation before the policy moves forward, ensuring that any proposed changes demonstrate meaningful net savings without compromising member access, quality, or continuity of care.

MassHealth already maintains substantial authority over pharmacy coverage, utilization management, and manufacturer rebates. The Commonwealth should build on these existing tools and work with health plans to

address the underlying drivers of prescription drug spending without undermining integrated care. MAHP remains committed to evidence-based solutions that deliver meaningful savings while protecting access, advancing health equity, and improving outcomes. Any reform of this magnitude must demonstrate that it will achieve sustainable savings without compromising the coordinated care that MassHealth members depend on."

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