



## *An Act enhancing health care market oversight and pharmaceutical access*

<b><u>Bill Number:</u></b>	<b><u>Lead Sponsors:</u></b>
S.868	Sen. Friedman

*This comprehensive bill addresses a wide range of issues building on the prescription drug and market oversight laws passed in 2024. HCFA is focused on the components of the bill that give the state more authority to address rising health insurance premiums, prescription drug prices and hospital costs.*

### **What does this legislation do?**

- Creates more flexibility in the state's health care cost growth benchmark by enabling the Center for Health Information and Analysis (CHIA) to make referrals to the Health Policy Commission (HPC) for cost reviews when a hospital, health system or insurer's spending is excessive and threatens the state's ability to meet the benchmark. It also allows different standards for making referrals based on a health care entity's baseline spending, pricing level and payer-mix.
- Enhances accountability by increasing penalties for non-compliance with the HPC's Performance Improvement Plan (PIP) process up to the amount the entity exceeded the benchmark.
- Addresses prescription drug costs by allowing the HPC to conduct affordability reviews of certain high-cost prescription drugs, determine their own proposed value, and set upper payment limits to hold manufacturers accountable for lowering the cost certain drugs.
- Pushes back on premium increases by giving new tools to the Division of Insurance (DOI) that will enable them to respond to proposed increases by offering modified rates rather than just approving or disapproving them as part of the annual rate review process.

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### **Why is this legislation needed?**

- Despite high levels of coverage in MA, [41%](#) residents struggled to afford health care this past year.
- Premiums rose nearly [8%](#) in 2025 for individuals and small businesses, and family premiums have nearly tripled over the past two decades.
- In 2022, pharmacy spending was the largest driver of health care cost growth, accounting for over 20% of the increase in health care costs in the state.
- Hospital outpatient department spending was the [second highest](#) category of growth, driven by significant variation in prices with hospital outpatient prices [two and a half times](#) higher at the most expensive hospital system than the least expensive one.

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### **Why is this a health equity issue?**

- Health care affordability is fundamentally a health equity issue, with Black and Hispanic/Latino residents more likely to report challenges affording care than their white counterparts.
- In MA, 75% of Black adults and 68% of Hispanic/Latino adults report rationing a prescription or being uninsured due to cost, compared with 46% of white adults.

For more information, please contact Health Care For All:

Grace Jurkovich [gjurkovich@hcfama.org](mailto:gjurkovich@hcfama.org) or Ashley Blackburn [ablackburn@hcfama.org](mailto:ablackburn@hcfama.org)