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Pharmacy Benefit Managers
Filing Guidance Notice 2026-H

TO: Pharmacy Benefit Managers

FROM: Kevin Beagan, Deputy Commissioner, Health Care Access Bureau
Brandon Karaffa, Director, Pharmacy Benefit Manager Oversight

DATE: May 15, 2026

RE: Applications for Entities to be Licensed as Pharmacy Benefit Managers according to the Provisions of M.G.L. c. 176Y and 211 CMR 157.00 for the Period Between January 1, 2027 and December 31, 2029

Pursuant to Chapter 342 of the Acts of 2024, Pharmacy Benefit Managers ("PBMs") are required to be licensed in order to operate in the Commonwealth of Massachusetts on and after January 1, 2026. As of that date, no person, business, or other entity is permitted to operate as a PBM in Massachusetts without being licensed by the Massachusetts Division of Insurance ("Division").

The Division previously issued initial PBM licenses for calendar year 2026.[1] All such initial licenses expire as of December 31, 2026; therefore, all current and future PBM licensees that intend to operate as a PBM in Massachusetts on or after January 1, 2027 are required to submit a license application for the period from January 1, 2027 to December 31, 2029, pursuant to M.G.L. c. 176Y and 211 CMR 157.00. The Division issues this Filing Guidance Notice 2026-H to provide PBM application information to entities seeking to be licensed as PBMs for the period from January 1, 2027 to December 31, 2029.

Timing and Content of Filings

Applicants for licensure as PBMs are to submit applications by July 1, 2026, with issued licenses to be effective for the period between January 1, 2027, and December 31, 2029. Applicants are expected to submit the checklist included in Attachment A, which follows the sequence of items that are required in 211 CMR 157.03, 157.05, 157.06, 157.07, 157.08 and 157.09. The person responsible for submitting the application should initial each item of the checklist to identify that the item is included in the application materials and sign the checklist to indicate that the person certifies that the checklist is complete. The checklist initialing and signature are in addition to any certifications required of a corporate officer pursuant

[1] Bulletin 2025-04 (September 18, 2025)

to 211 CMR 157.03(1)(g). The checklist notes guidelines for entering data and submitting files or other attachments. Applicants are to follow the guidelines when submitting documentation.

Please be aware that required information that is submitted late or in an incomplete manner, in the Division's discretion, may result in the delayed issuance or denial of a license for the period after January 1, 2027. The Applicant may not operate as a PBM in the Commonwealth of Massachusetts until a license is issued.

Operational Reports

Please note when completing the application that 211 CMR 157.03(1)(e) states that an application is expected to include the following:

"(e) Operational Reports. Each PBM or organization providing Pharmacy Benefit Management Services seeking licensure by the Division must demonstrate compliance with the reporting requirements set forth in 211 CMR 157.04(2) as follows, unless exempted in accordance with 211 CMR 157.04(3):

1. For new licensure applicants, initial submission of the reporting requirements.
2. For licensure renewal applicants, compliance with the reporting requirements."

The following is further noted in 211 CMR 157.04(2):

"(2) Operational Reports.
Unless otherwise reported to the Center for Health Information and Analysis, prior to and as a condition of continuing licensure, PBMs shall submit the following reports to the Commissioner on an annual basis, unless otherwise specified below:

(a) A detailed explanation, along with any supporting documentation, with respect to the following activities, as it pertains to the PBM's business in Massachusetts:

1. Spread Pricing, including but not limited to any related business where there is any difference between PBM payments to or from Pharmacies and PBM payments to or from contracted entities or Covered Persons;
2. A copy of the policies and procedures that demonstrate the PBM has established processes concerning Maximum Allowable Costs lists, including but not limited to appeal processes;
3. Steering or steerage;
4. Prioritizing of particular drugs or groups of drugs with respect to any other PBM, Pharmacy, drug manufacturer or other Person or entity;
5. Exclusion of or limitation of particular drugs or groups of drugs with respect to any other PBM, Pharmacy, drug manufacturer or other Person or entity;
6. Contract or other provision whereby part of a Covered Person's copay goes back to PBM, including but not limited to claw backs;
7. Mid-year drug price changes of any kind during the previous 24 months;
8. Rebates to Subsidiaries, related entities, consultants, vendors, negotiating or cooperative organizations, drug manufacturers, PSAOs, contracted entities, or Covered Persons, including but not limited to incentive or other payments, paybacks, or negotiations related to other PBMs, Pharmacies, payers, drug manufacturers or other Person(s) or entity(s) to lower or raise the net cost of a drug or incentivize its inclusion on/exclusion from preferred formulary lists;
9. Copay accumulators;

10. Fees or remittances;
11. PBM right of first refusal to purchase Pharmacy;
12. Interactions, agreements, discussions, or collaboration with any other PBM.

(b) For the period of the prior three years, and on an annual basis thereafter, the following information on Rebates:
1. A statement of the aggregate amount of Rebates received by a PBM;
2. The aggregate amount of Rebates distributed by a PBM to an appropriate health care payer; and
3. The aggregate amount of Rebates passed on to an enrollee of each health care payer at the point of sale that reduced the enrollee's applicable deductible, copayment, coinsurance or other cost-sharing amount.

(c) For the period of the prior three years, and on an annual basis thereafter, the following information on reimbursement:
1. A statement of the individual and aggregate amount paid by a health care payer to the PBM for Pharmacy Services itemized by Pharmacy, product, goods and services, including other Prescription Drug or device services; and
2. The individual and aggregate amount a PBM paid for Pharmacy Services itemized by Pharmacy, product, and goods and services, including other Prescription Drug or device services.

(d) On at least a semi-annual basis, a report including:
1. The overall aggregate amount charged to a health plan for all pharmaceutical claims processed by the PBM; and
2. The overall aggregate amount paid to Pharmacies for claims processed by the PBM.

(e) On at least an annual basis, a report including:
1. The aggregate wholesale acquisition costs from a manufacturer or wholesale distributor for each therapeutic category of drugs for the PBM's Massachusetts Plan Sponsors, net of Rebates and other fees and payments, direct or indirect, from all sources;
2. The aggregate amount of Rebates that the PBM received from all manufacturers for the PBM's Massachusetts Plan Sponsors. The aggregate amount of Rebates must include any utilization discounts the PBM receives from a manufacturer or wholesale distributor;
3. The aggregate amount of all fees that the PBM received;
4. The aggregate amount of Rebates that the PBM received from all manufacturers that were not passed through to Massachusetts health plans or insurers;
5. The aggregate amount of fees that the PBM received from all manufacturers that were not passed through to Massachusetts health plans, Carriers or insurers;
6. The aggregate retained Rebate percentage from business conducted in the state;
7. All of the following information attributable to patient use of Prescription Drugs covered by Massachusetts health plans:
    a. the aggregate amount of Rebates and fees that the PBM received from manufacturers;
    b. the aggregate amount of Rebates and fees that the PBM received from manufacturers that were either passed through to Massachusetts health plans or enrollees at the point of sale of a Prescription Drug, or retained by the PBM; and
    c. aggregate amount passed on to the enrollees of each healthcare payor at the point of sale that

reduced the enrollees' applicable deductible, copayment, coinsurance, or other cost-sharing amount.

(f) On a quarterly basis, the PBM shall produce a report to the Commissioner of:

1. All drugs appearing on the national average drug acquisition cost list reimbursed 10% and below the national average drug acquisition cost; and
2. All drugs appearing on the national average drug acquisition cost list reimbursed 10% and above the national average drug acquisition cost.

For each drug listed in the quarterly report, a PBM shall include:

1. The month the drug was dispensed;
2. The quantity of the drug dispensed;
3. The amount the Pharmacy was reimbursed;
4. Whether the dispensing Pharmacy was an Affiliate of the PBM;
5. Whether the drug was dispensed pursuant to a government health plan; and
6. The average national drug acquisition cost for the month the drug was dispensed.

The quarterly report shall exclude drugs dispensed pursuant to 42 U.S.C. § 256b. A copy of the quarterly report shall be published on the PBM's publicly available website for a period of at least 24 months."

The Division will be completing the reporting templates for the materials identified in 211 CMR 157.04(2) in the next few months. For the purpose of submitting the PBM application on or before July 1, 2026 for the period between January 1, 2027 and December 31, 2029, the Division will consider a PBM application to be sufficiently complete regarding 211 CMR 157.03(1)(e) if an applicant certifies that it will comply with the submission of the information required under 211 CMR 157.04(2) within 3 months of receiving final reporting instructions from the Division.

Additional Information to provide in the attached checklist:

Please note that in addition to what is required in 211 CMR 157.03, Applicants are to include the following materials in their submission.

In relation to 211 CMR 157.03(1)(h)2:

"a. Current financial statements for guarantors of the PBM's contractual obligations;
b. Current financial statements for Persons or Providers or corporate entities which have contracted with the PBM for the provision of medical, administrative, or marketing services, audited if available; and
c. Copies of the PBM's contractual arrangements, including but not limited to a copy of the forms of group contracts with Carriers, a copy of the forms of group contracts with Pharmacies, and a copy of every contract form made or to be made between the applicant and any Providers of Pharmacy Benefit Management Services. For purposes of 211 CMR 157.03(1)(h)2.c., 'contract form' means a single copy of each generic contract used for each type of Carrier, Pharmacy, or other applicable term, and not a copy of every individual contract signed between the PBM and each respective Carrier, Pharmacy, or other."

Contract forms should include provisions outlined in 211 CMR 157.05 and 211 CMR 157.06.

The following is noted in 211 CMR 157.07(1):

"PBMs shall establish appropriate systems to collect, store, and maintain detailed information about each Pharmacy within their Pharmacy Network systems. The systems are to be developed in a manner that facilitates a Pharmacy's ability to update relevant information to the maximum extent feasible. PBMs shall ensure that Pharmacy Network lists include information for persons covered by plans providing services through Networks of Pharmacies about how they may obtain in Network care from an out of Network Pharmacy when an in Network Pharmacy is not available. The PBM shall ensure accessibility in the time and manner that a patient may obtain covered Pharmacy Services within a reasonable distance from a patient's residence. A Network shall not be comprised only of Mail-order Pharmacies but must have a mix of Mail-order Pharmacies and physical stores in Massachusetts. A Mail-order Pharmacy shall not be included in the calculations determining PBM Network adequacy."

In the checklist, it is noted that:
Applicants should include a certification signed by a corporate officer that the PBM has established systems appropriate to meet the standards of 211 CMR 157.07(1). Applicants should include information within the application that identifies "information for persons covered by plans providing services through Networks of Pharmacies about how they may obtain in Network care from an out of Network Pharmacy when an in Network Pharmacy is not available." Applicants should also document the manner in which the PBM measures covered persons' accessibility to pharmacy services and identifies the standards used to "ensure accessibility in the time and manner that a patient may obtain covered Pharmacy Services within a reasonable distance from a patient's residence," provided that a "Mail-order Pharmacy shall not be included in the calculations determining PBM Network adequacy."

With respect to records preserved in accordance with 211 CMR 157.07(2), applicants should explain, using at least narrative and visual aids including screenshots, the systems by which the applicant collects, stores, and maintains detailed information about Pharmacies that are a part of the PBM's Network, including at least the following information for each Pharmacy:

"(a) operating hours for each location, including evenings and weekends;
(b) main phone number(s) available for use by Covered Persons;
(c) all languages understood or spoken by the Pharmacy personnel;
(d) whether the Pharmacy setting is ADA accessible and a description of the accommodations available to address physical, developmental, and intellectual disabilities;
(e) whether the Pharmacy has conditions, including the following:

1. if a Pharmacy is limited to hospital or facility inpatients;
2. for Pharmacies within clinics or community health centers, requiring that a patient receive other health care at the clinic or community health center; or
3. for Pharmacies at university or school health centers, requiring that patients are enrolled students in the university or school."

Applicants should explain, in relation to 211 CMR 157.07(3), using at least narrative and visual aids including screenshots, the systems it uses or will use to "ensure the accuracy of the required information on Pharmacies and Networks, and [the process it uses so that] Pharmacy information [is] audited to ensure

accuracy on at least an annual basis." Please note that 211 CMR 157.07(3) requires that "PBMs shall initiate these required audits no later than the start of the second calendar quarter after these regulations are promulgated in final form."

Applicants should explain, in relation to 211 CMR 157.07(4), using at least narrative and visual aids including screenshots, the systems it uses or will use to "maintain files of all Pharmacy audits for no less than seven years from the completion of any audit so that they may be reviewed by Division staff upon request."

Applicants should identify, in relation to 211 CMR 157.07(5), the "toll-free telephone number such that consumers may request and obtain information about applicable Pharmacy Networks and cost, including but not limited to cost-sharing, in a clear and accessible manner, in real time, and a consumer-facing website."

Applicants should identify, in relation to 211 CMR 157.07(6), the following:
"each health plan that the PBM services in Massachusetts, [providing] a list describing the Network of Pharmacies that the PBM offers in Massachusetts…Accompanying the list, PBMs shall describe or demonstrate at least the following:

(a) The PBM's process for monitoring and assuring on an ongoing basis the sufficiency of the Network(s) to meet the needs of and protect consumers in its populations serviced in Massachusetts, including Network accessibility analyses (e.g., GeoNetwork system analyses);
(b) The PBM's efforts to address the ability of the Network(s) to meet the needs of individuals serviced with limited English proficiency and illiteracy, with diverse cultural and ethnic backgrounds, or with disabilities;
(c) [The process that the PBM would follow i]f, at any time, the PBM becomes aware of changes to the numbers of Pharmacies within its Network list that would cause the PBM to not meet its level of service in the Commonwealth, [and] then within 30 Days of becoming aware [how] the PBM will submit a corrective action plan for the Commissioner's review and approval that will identify the steps that the PBM will take to address the geographic areas where it is not meeting its service level requirement(s) and how the PBM plans to address access to care in those areas until Network changes are made so that the PBM can once again satisfy its service level requirement(s) for access to Pharmacy Services."

Applicants, in relation to 211 CMR 157.08(1), should include a certification signed by a corporate officer stating that the applicant "shall notify a Carrier in writing of any activity, policy, practice, contract, or arrangement of the PBM that directly or indirectly presents any conflict of interest with the PBM's relationship with or obligation to the Carrier, or which conflicts with duties imposed by 211 CMR 157.00 or the Commissioner."

Applicants, in relation to 211 CMR 157.08(2), should include a certification executed by a corporate officer stating that the applicant "shall not make payments to a pharmacy benefit consultant or broker whose services were obtained by a Health Benefit Plan Sponsor to work on the Pharmacy benefit bidding or contracting process if the payment constitutes a conflict of interest, as determined by the Commissioner," and also identifying that, for the purposes of 211 CMR 157.08(2), "payments from a PBM to a pharmacy benefit consultant or broker shall include, but not be limited to: (a) shared Rebates from pharmaceutical

manufacturers; (b) per prescription fees; (c) per member fees; (d) referral fees; (e) bonuses; or (f) any other financial arrangement the Commissioner considers to be a conflict of interest, as may be specified in written policies or procedures." The certification should confirm that the Applicant has not in the previous license period made payments that constitute a conflict of interest.

Applicants, in relation to 211 CMR 157.09, are to submit a certification signed by a corporate officer that the applicant "shall keep and maintain its books of account and other records on a current basis and within Massachusetts; [and] shall make, or cause to be made, and retain books and records which accurately reflect:

(1) All contracts with Carriers requested by the Commissioner and all other contracts entered into by the PBM; and
(2) Every PBM shall preserve for a period of not less than five years the books of account and other records required under the provisions of, and for the purposes of 211 CMR 157.00. After such books and records have been preserved for two years in an easily accessible place at the main offices of the PBM, they may be stored for the remainder of the five-year period subject to their availability to the Commissioner not more than five Days after he or she may request them."

211 CMR 157.04(5) states that the Commissioner "may require [a] PBM to submit additional information or reports, other than, and in addition to, those reports specifically required by 211 CMR 157.04." Please note that if not otherwise identified in the regulation or this guidance, there are not any additional reports that are to be submitted as part of the application.

Material Changes

Please note that information within the application materials must be kept up to date throughout the period of licensure. Pursuant to 211 CMR 157.03(2), applicants are to report material changes to information submitted to the Division of Insurance, certified by an officer of the PBM, within 30 days of such a change. Material changes may be submitted at any time to DOI.PBM@mass.gov, using a new checklist, only populating the areas with changes, while leaving null or blank any areas without changes.

Filing Fee

Beginning with licenses issued for the period 2027-2029, the license application for a three-year term requires a non-refundable fee of $25,000, as set forth in M.G.L. c. 176Y, § 2(a). The Division of Insurance will not issue a PBM license to an Applicant that has satisfied all other licensing requirements unless and until the Applicant has submitted, and the Division of Insurance has received, the appropriate application fee(s) for licensure. Required fees must be sent by check or money order, payable to the Commonwealth of Massachusetts, and sent by certified mail to:

Division of Insurance
Attn: Company Licensing
One Federal Street, 7th Floor
Boston, MA 02110

The check or money order should reference the term "PBM Application Filing Fee" and the Applicant's name and application.

Submission of Licensure Materials via MOVEit System

Applicants must submit completed applications to the Division electronically using the Commonwealth's secure electronic file transfer system ("MOVEit"). For applicants that do not already have an established MOVEit account, applicants must initiate the MOVEit access configuration process by sending the required information to DOI.PBM@mass.gov, with the following information for the individual that will SUBMIT the application via MOVEit: (1) Name; (2) Email address; (3) Phone number; and (4) Company/Affiliation. Note: Applicants are encouraged to promptly contact Division staff at DOI.PBM@mass.gov with the required information to support timely MOVEit access configuration, which can take multiple business days. Applicants should allow sufficient time for complete access configuration. All application materials and the required filing fee must be submitted to the Massachusetts Division of Insurance.

If you have any questions about this Filing Guidance Notice 2026-H, please contact Brandon Karaffa at Brandon.M.Karaffa@mass.gov and Tanya Sherman at Tanya.Sherman@mass.gov.

Attachment A: Commonwealth of Massachusetts PBM Checklist 2027-2029