

Introduction

Good morning. My name is Alicia Muzzi and I am the Project Manager for the Pharmacy Program at MassHealth in the Executive Office of Health and Human Services (EOHHS). I am here to present staff testimony on the proposed amendments to regulations 130 CMR 405.000: *Community Health Center Services*, 130 CMR 406.000: *Pharmacy Services*, and 130 CMR 410.000: *Outpatient Hospital Services*.

Background

Regulation 130 CMR 405.000 governs community health centers participating in MassHealth. Regulation 130 CMR 406.000 governs pharmacies participating in MassHealth. Regulation 130 CMR 410.000 establishes the requirements for the provision of services by hospital outpatient departments, hospital-licensed health centers, and other hospital satellite clinics.

Description of Changes

The first purpose of the proposed amendments is to end MassHealth pharmacy primary coverage of drugs acquired through the 340B Drug Pricing Program billed through pharmacy point-of-sale adjudication, effective July 1, 2026, so that MassHealth can secure aggregate fiscal savings. This change does not apply to claims through the Health Safety Net or when MassHealth is the secondary payee. Clinician-billed drugs, not processed through the pharmacy program, can use 340B stock, unless otherwise specified. The proposed changes further remove requirements that a clinician-administered drug be high cost before it is carved out from 340B and eliminate the current cap of 25 such drugs. These changes are being made to 130 CMR 405.000, 130 CMR 406.000, and 130 CMR 410.000.

The second purpose of the proposed amendments is to end coverage of drugs prescribed solely for the treatment of obesity or overweight, except for children covered by the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program. This change does not bar coverage of a drug when it is prescribed for another covered indication. Although this regulatory change

appears only in 130 CMR 406.000, it will apply across MassHealth coverage, including fee-for-service and managed care delivery systems.

The following secondary regulation changes apply only to 130 CMR 406:

- To allow hospital-licensed pharmacies to dispense drugs pursuant to 105 CMR 722.000: *Dispensing Procedures for Clinic and Hospital Pharmacies*. Previously 130 CMR 406.000 stated that only a retail or clinic-licensed pharmacy could dispense drugs;
- To anchor the MassHealth agency's refill payment limits to applicable federal and state law rather than attempting to restate those legal limits in 130 CMR 406.411, with any additional limits set through the MassHealth Drug List, Pharmacy Facts, or other written MassHealth issuances;
- To allow certain specified drugs to be dispensed in a 90-day supply, as permitted by federal and state law, instead of being limited to a 60-day supply as currently written; and
- To remove coverage for cough and cold drugs (for symptomatic relief) in a nursing facility or intermediate care facility.

Fiscal Impact

MassHealth's termination of coverage of drugs acquired through the 340B Drug Pricing Program billed through pharmacy point-of-sale adjudication is estimated to result in net savings of \$8 million annually, after rebates and federal share. These savings come from allowing the state to maximize the value of its supplemental rebate agreements.

There is no expected financial impact to covered entities because EOHHS pays actual acquisition cost for both retail and 340B inventory. Therefore, providers receive no margin on these claims for MassHealth members enrolled in fee-for-service, the Primary Care Clinician Plan, or Primary Care Accountable Care Organizations. Providers will receive payment for these drugs as specified in 101 CMR 331.00. There will be no impact to member access.

Testimony on 130 CMR 405.000, 130 CMR 406.000, and 130 CMR 410.000
Amendments to Community Health Services, Pharmacy Services, and Outpatient Hospital Services
Effective July 1, 2026
May 1, 2026

Providers may face temporary cash flow challenges because they will need to maintain retail stock, which is more expensive to acquire than 340B stock. However, EOHHS expects this effect will be temporary because providers will also be paid correspondingly higher amounts for claims.

Additionally, the elimination of coverage for drugs prescribed solely for weight loss is estimated to have an annual net fiscal impact of \$15 million in savings for MassHealth, after rebates and federal share, for members enrolled in MassHealth fee-for-service and managed care entities. Of this estimated \$15 million in savings, \$6 million is attributed to members enrolled in MassHealth fee-for-service, the Primary Care Clinician Plan, and Primary Care Accountable Care Organizations. The other proposed changes are not expected to have meaningful fiscal impact.

Since pharmacy costs continue to be one of the fastest growing drivers of spending in the MassHealth program, EOHHS is proposing these amendments as a means to reduce overall costs to the Commonwealth and help ensure the long-term sustainability of the pharmacy program.

Thank you.