

March 20, 2026

Susan M. Flanagan-Cahill
Deputy General Counsel
Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

Re: Proposed Amendments to 958 CMR 9.00: Assessment on Certain Health Care Providers, Pharmaceutical Manufacturing Companies, and Pharmacy Benefit Managers

Dear Ms. Flanagan-Cahill:

On behalf of our member hospitals and health systems, the Massachusetts Health & Hospital Association (MHA) appreciates the opportunity to offer comments on proposed amendments to the regulation that establishes the assessment for funding the administrative expenses of the Health Policy Commission (HPC). MHA has long advocated for greater shared responsibility for financing the HPC. MHA supports the proposed changes to 958 CMR 9.00 that partially adopt the expanded assessment responsibilities called for by the legislature. MHA respectfully requests that the HPC, in conjunction with the Healey Administration and legislature, seek to fulfill the intent of Chapters 342 and 343 of the Acts of 2024 by recommending any necessary changes to the general laws.

The work of the HPC, as well as the Center for Health Information and Analysis (CHIA), is a valuable resource for the commonwealth. The missions of both agencies serve a broad array of interests including government, the healthcare community, and the general public. Chapter 342 and 343 expanded responsibilities for the agencies, including the creation of HPC's Pharmaceutical Policy and Analysis department. MHA supports improved monitoring and oversight of pharmaceutical spending given it has consistently increased the fastest among all major expenditure categories CHIA measures.¹ If the commonwealth is to address healthcare affordability, it will be critical to understand the effect of pharmaceutical spending on consumers, insurers, as well as healthcare providers.

For this reason, MHA supports the legislature's expansion of funding the administrative expenses of both the HPC and CHIA to include pharmacy benefit managers (PBMs) and pharmaceutical manufacturers. Chapter 342 and 343 also called for assessing large physician practices, imaging centers, and independent labs. Per the amendment proposed in 958 CMR 9:00, HPC proposes to

¹ Center for Health Information and Analysis, *Annual Report on the Performance of the Massachusetts Health Care System*, March 2026

only adopt the new assessment on pharmacy benefit managers. MHA understands that compliance with federal healthcare-related tax rules caused the agency and administration to hesitate to proceed with assessing all entities as envisioned by the legislature in Chapter 342 and 343.

With regard to assessing pharmaceutical manufacturers, we understand the concern relates to the basis of the assessment that is defined in Chapter 342 and 343, which is the “ratio of MassHealth’s net spending for the manufacturer’s prescription drugs used in the MassHealth rebate program to MassHealth’s total pharmacy spending.” While the proposed assessment on pharmaceutical manufacturers to fund the HPC does not support Medicaid spending, we understand federal healthcare-related tax rules may still apply. One provision related to federal healthcare-related taxes prohibits taxing Medicaid units of services at a higher rate than non-Medicaid units of service.² To address this potential issue, MHA respectfully requests the HPC work with the Healey Administration and legislature to revise Chapter 342 and 343 to assess pharmaceutical manufacturers using a basis that complies with federal healthcare-related tax rules. We believe it is imperative that the commonwealth act soon to modify the law and fulfill the intent of Chapter 342 and 343.

MHA looks forward to continuing to collaborate with the HPC and other stakeholders in our shared goal of ensuring healthcare remains exceptional, affordable, accessible, and financially sound for the commonwealth’s patients and caregivers. The work of the HPC, as well as CHIA, is crucial to that goal and therefore appropriately funding both agencies is essential. MHA appreciates that the agency will receive added resources related to the proposed amendment to do its new, important work and we encourage the HPC to seek support from all resources intended by Chapter 342 and 343.

Thank you for the opportunity to provide comments on the amendments to this important regulation governing HPC financing. If you have any questions or require further information, please do not hesitate to contact me at dmchale@mhalink.org.

Sincerely,



Daniel J. McHale
Senior Vice President, Healthcare Finance & Policy
Massachusetts Health & Hospital Association

² Section 71117, Public Law 119-21, a.k.a. the “One, Big, Beautiful Bill Act”