



Regulatory Alert

Regulatory Insights Across the States



September 2025

State Series: Drug Pricing

- **Intensity:** States have intensified legislative efforts to boost transparency in the pharmaceutical industry, including updates aligning with the federal 340B Drug Pricing Program as well as reforms to Pharmacy Benefit Manager practices (e.g., rebate pass-throughs, compensation, and “fiduciary duty”).
- **Collaboration:** Both federal and state government bodies are individually and together focused on potentially anti-competitive behaviors within pharmaceutical markets, including drug prices and reimbursement practices.
- **Planning:** Companies should engage in strategic and quantitative planning to effectively navigate the current legislative/regulatory environment given the efforts to reduce drug prices and increase transparency.

As prescription drug prices continue to rise, attentions are focusing on transparency and affordability at both the federal and state levels.

At the federal level, the current administration is focused on policies intended to lower U.S. prescription drug prices. Executive Order 14273, “Lowering Drug Prices by Once Again Putting Americans First,” focuses on three main policy areas: price reduction, transparency, and competition. Executive Order 14297, “Delivering Most-Favored-Nation Prescription Drug Pricing to American Patients,” in part, directs the DOJ and the FTC to pursue enforcement against potentially anti-competitive practices in pharmaceuticals markets. A recent memorandum directs HHS and FDA to ensure transparency and accuracy in direct-to-consumer prescription drug advertising.

At the state level, legislative activity is meant to enhance oversight of market participants, including

Pharmacy Benefit Managers (PBMs), and price transparency through disclosure/reporting.

State attorneys general (AGs) are actively investigating billing, rebate, and discount practices as well as collaborating on multistate enforcement actions targeting anti-competitive conduct and unfair practices. Recently, a majority of state AGs jointly asked Congress to pass legislation to mitigate PBM conflicts of interest and prohibit PBMs from owning or operating pharmacies citing increased horizontal consolidation, vertical integration, and impacts to access and price.

Notable state activity in 2025 includes:




1. **Oversight & Drug Price Transparency** (e.g., PBM oversight, disclosures, reporting)
2. **Drug Costs & Affordability** (e.g., fair pricing, direct price control, PDABs)



1. Oversight & Drug Price Transparency

Recent state legislation (introduced and/or enacted) aims to enhance price transparency within the pharmaceutical industry, including pricing models under the federal 340B Drug Pricing Program for manufacturers and other covered entities. Further, concerns over PBMs’ perceived ability to influence drug pricing or control access has spurred numerous states into legislative action. Key provisions of bills introduced in 2025:

Key Features	
Key Feature	Description/Examples
PBM Oversight	<ul style="list-style-type: none">Expand state AG oversight of PBMs including investigatory and penalty authorities (e.g., NY, TX)Prohibit practices such as deceptive practices to raise drug prices, patient “steering”, retaliation against covered entities, and restricting or denying covered entities access to 340B drugs (e.g., IL, CO, NC, CT)“Delink” PBM compensation from rebates/discounts on drug prices by implementing a flat, fixed fee for their services (e.g., CO)Require PBMs to pass-through manufacturer rebates to patients and prohibit spread pricing (e.g., UT, LA, NC, CT)Impose a “fiduciary duty” or “duty of care” on PBMs to act as agents of the health plan or insurer (e.g., MA, OK, NC, OR, CA,WI)Prohibit PBM’s from owning pharmacies (e.g., AK)
Disclosures	<ul style="list-style-type: none">Introduce/amend legislation to require covered entities (e.g., manufacturers, PBMs, wholesale distributors) to disclose increases in wholesale acquisition costs (WACs) over certain limits (e.g., 25 percent) as well as justification for the increase (e.g., NC, MA, RI)Require advance notification of new-drug launch prices to entities such as the state insurance commissioner or department of health (e.g., MA, MS, NM)Direct price disclosures to consumers, such as requiring pharmacies to disclose the retail price of prescription medication (e.g., NY) or insurers to provide covered individuals with a summary of the amounts spent on prescription drugs for that individual (e.g., VT)Require PBMs and health plans to provide “real- time” access to prescription drug cost, benefit, coverage, and alternatives data at the point of prescription (e.g., IL)
Reporting	<ul style="list-style-type: none">Require 340B covered entities to submit annual reports to entities such as state boards or department of health that include aggregated acquisition costs for prescription drugs; aggregated payments received by individuals, insurers or payors; annual estimated savings; number of claims; and how savings were used to benefit the community (e.g., CO, ID, VT)Establish an annual reporting requirement to the State legislature on market trends in the state for prescription drugs, including top drugs prescribed, costliest drugs, and highest year over year increases (e.g., NC, NM, RI)



3

largest PBMs process¹

80%

of U.S. prescriptions¹

250

Medications subject to price increases on January 1, 2025²

9

States with an active PDAB or similar drug cost control entity³

4.5%

Estimated median increase in prescription drug costs in 2025²

3X

Higher price Americans pay for brand-name drugs over OECD nations⁴

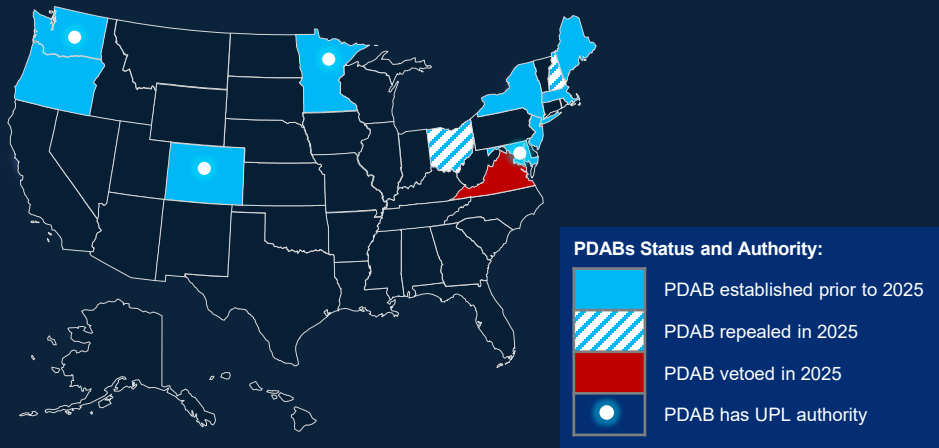
3 in 10

Adults report not taking prescribed drugs due to cost⁵

U.S. State Prescription Drug Affordability Boards (PDABs)

State approaches to the implementation of PDABs vary, with some states focused on cost-control measures and others on affordability reviews and spending targets.

In 2025, two states repealed their PDABs over concerns of effectiveness; one state governor vetoed a bill to establish a PDAB (for the second year in a row) over concerns with UPL authority and drug access.



2. Drug Costs & Affordability

In 2025, various states have introduced/enacted legislation aimed at ensuring that prescription drugs remain affordable, through fair pricing and prohibitions on discriminatory practices. A number of states have established Prescription Drug Affordability Boards (PDABs) as independent bodies to review drug prices with the intent to make medications more affordable for consumers and public health systems. In 2025, several states expanded or refined the authority of their PDABs. Key features of state activity include:

Key Features	
Key Feature	Description/Examples
Fair Pricing	<ul style="list-style-type: none">Establish external benchmarks for reference rates or prices for reimbursement (e.g., NY, CT, ME)Prohibit purchasing or seeking reimbursement for a “referenced drug” that is higher than a benchmark price (e.g., NV, RI, AZ)Require PBMs and managed care organizations (MCOs) to reimburse community pharmacies at or above the National Average Drug Acquisition Cost (NADAC) (e.g., AL, IA, MN, MT)Prohibit the sale of prescription drugs to senior citizens (defined as age 60 or older) at a price higher than the “lowest national price” (e.g., WV)Prohibit drug manufacturers from restricting 340B-priced drugs to contract pharmacies (e.g., NM, ND, SD and UT)
Direct Price Control	<ul style="list-style-type: none">Establish maximum fair prices (MFP) as defined by the Inflation Reduction Act for state drug purchasing agencies (e.g., NV)
Prescription Drug Affordability Boards (PDABs)	<ul style="list-style-type: none">Expand PDAB authority to set upper payment limits (UPLs) to include all payers inclusive of private insurers and employer-sponsored health plans in addition to public payers such as Medicaid or state employee health plans (e.g., MD)Refine the affordability review process to update certain requirements including the number of affordability reviews performed each year and reporting requirements (such as frequency and/or recipient) (e.g., OR)

For more information, please contact [Kristin Pothier](#) and [Michaela Giovino](#).

Footnotes:

¹ National Association of Attorneys General, Letter to Congress RE: Pharmacy Benefit Managers, April 14, 2025

² Reuters.com, Drugmakers to raise US prices on over 250 medicines starting Jan. 1, Decembers 31, 2024

³ Multistate.us, PDABs and UPLs: What They Are and Why They Matter for Drug Pricing Policy, May 15, 2025

⁴ WhiteHouse.gov, Fact Sheet: President Donald J. Trump Amends Duties to Address the Flow of Illicit Drugs Across our Northern Border, July 31, 2025

⁵ NCSL.org, 5 Prescription Drug Policy Trends to Watch in 2025, January 27, 2025

Contact



Amy Matsuo
Principal and Leader
Regulatory Insights
amatsuo@kpmg.com
Connect on [LinkedIn](#)

Learn about us:



kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.



© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.