HB 2385 A STAFF MEASURE SUMMARY

Carrier: Rep. Nosse

House Committee On Behavioral Health and Health Care

Action Date:	04/01/25
Action:	Do pass with amendments. (Printed A-Eng.)
Vote:	7-2-0-0
Yeas:	7 - Diehl, Isadore, Javadi, Munoz, Nelson, Nosse, Pham H
Nays:	2 - Harbick, McIntire
Fiscal:	Has minimal fiscal impact
Revenue:	No revenue impact
Prepared By:	Brian Nieubuurt, LPRO Analyst
Meeting Dates:	3/11, 4/1

WHAT THE MEASURE DOES:

The measure makes it an unlawful trade practice for drug manufacturers to take specified actions that limit or interfere with a pharmacy's ability to acquire or dispense 340B drugs.

Detailed Summary:

- Prohibits a drug manufacturer or entity operating on manufacturer's behalf from
  - denying, restricting, prohibiting, or otherwise interfering with the acquisition of a 340B drug by pharmacy that has contracted with a covered entity to dispense 340B drugs unless the acquisition is prohibited by the United States Department of Health and Human Services (HHS).
  - requiring a covered entity to submit utilization review data as a condition for the acquisition of a 340B drug unless such data submission is required by HHS.

ISSUES DISCUSSED:

- Growth of 340B program since inception
- Use of "spread" in 340B program and concerns about transparency of use
- Potential for abuse within 340B program

EFFECT OF AMENDMENT:

- Deletes provisions making violation of prohibitions an unlawful trade practice.

BACKGROUND:

In 1990, Congress created the Medicaid drug rebate program to lower the cost of pharmaceutical drugs purchased by state Medicaid program. The program requires drug manufacturers to enter into a rebate agreement with Department of Health and Human Services as a prerequisite for having coverage of a drug by Medicaid and Medicare Part B. Under the program, drug manufacturers must pay rebates to state Medicaid programs that are based on the manufacturer's "best price" for the drug.

In 1992, the cost relief provided by the Medicaid drug rebate program was extended to safety-net providers through the passage of Section 340B of the Public Health Service Act. Under 340B, drug manufacturers give front-end discounts on specified outpatient drugs purchased by "covered entities," which includes federally qualified health centers and other specified programs and entities that serve vulnerable populations.

House Bill 2385 A makes it an unlawful trade practice for drug manufacturers to take specified actions that limit or interfere with a pharmacy's ability to acquire or dispense 340B drugs.