H.B. NO. ⁷¹² H.D. 2 S.D. 2

C.D. 1

A BILL FOR AN ACT

RELATING TO HEALTH.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the federal 340B 2 drug pricing program (340B program) is essential for providing health care access to low-income and uninsured populations. 3 The 4 340B program requires drug manufacturers to offer significant 5 discounts on outpatient medications to eligible nonprofit hospitals and safety net providers, rural hospitals, community 6 health centers, and Native Hawaiian health centers. 7

8 The legislature further finds that the 340B program helps 9 stretch limited resources, allowing hospitals to reinvest 10 savings into essential community benefits. These benefits 11 include financial assistance for low-income patients, free 12 wellness visits, screenings, vaccinations, transportation to 13 appointments, health education classes, and workforce 14 development programs. In Hawaii, the 340B program also supports 15 unique services such as integrating Native Hawaiian health 16 practices into patient care.

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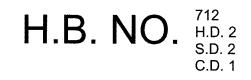
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1 The legislature also finds that, despite the 340B program's 2 importance, drug manufacturers have consistently tried to 3 undermine the benefits provided by the program by limiting the 4 use of contract pharmacies by 340B covered entities, which has 5 made it particularly difficult for patients living in rural 6 areas of the State. Contract pharmacies play a vital role in 7 ensuring that patients can access medications, especially in 8 rural areas where many hospitals do not have an in-house 9 pharmacy. For example, more than eighty per cent of rural 340B 10 hospitals nationwide rely on contract pharmacies to dispense 11 medication to patients who might otherwise go without essential 12 treatments.

13 The legislature additionally finds that contract pharmacies are crucial in Hawaii, where geographic barriers make access to 14 15 health care difficult for many residents. By partnering with 16 pharmacies in those communities, hospitals can ensure that 17 patients in remote areas receive their prescribed medications without the need to travel long distances. This is especially 18 19 important for those requiring specialty drugs, which are often 20 available only through specific pharmacy channels.

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1	The l	egislature further finds that the current restrictions		
2	imposed by	drug manufacturers not only limit a patient's access		
3	to afforda	ble medication, but also jeopardize the financial		
4	savings th	at hospitals depend on to provide these critical		
5	services.	Hospitals use the difference between the 340B		
6	discounted	drug price and the reimbursement from insurance to		
7	reinvest i	n their operations, expand services, and support		
8	underserve	d communities. Without access to contract pharmacies,		
9	hospitals	face reduced savings, which could result in cutbacks		
10	to essential health care programs.			
11	Accor	dingly, the purpose of this Act is to preserve the		
12	integrity	of the 340B drug pricing program by:		
13	(1)	Prohibiting drug manufacturers from denying,		
14	:	restricting, or prohibiting the acquisition, shipping,		
15	(or delivery of a 340B drug to a pharmacy under		
16	(contract with any 340B covered entity in the State;		
17	(2)	Authorizing 340B covered entities and the attorney		
18	(general to bring a civil action for enforcement within		
19	:	four years of a violation;		

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1	(3)	Requiring 340B covered entities to report certa	in
2	(-)	information annually to the hospital trade asso	
-			CIACION
		operating in the State; and	
4	(4)	Requiring the hospital trade association operat	ing in
5		the State to prepare and publicly post annual r	eports
6		aggregating information provided by all 340B co	vered
7		entities.	
8	SECT	ION 2. The Hawaii Revised Statutes is amended by	У
9	adding a	new chapter to be appropriately designated and to	o read
10	as follow	vs:	
11		"CHAPTER	
12		340B DRUG DISCOUNT PROGRAM	
13	S	-1 Definitions. As used in this chapter:	
14	"340	B covered entity" means an entity that participa	tes in
15	the feder	al 340B drug pricing program authorized by title	42
16	United St	ates Code section 256b (section 340B of the Publ:	ic
17	Health Se	rvice Act).	
18	"340	B drug" means a prescription drug that is purcha	sed by
19	a 340B co [.]	vered entity through the federal 340B drug pricin	ng
20	program a	uthorized by title 42 United States Code section	256b

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(section 340B of the Public Health Service Act) and is dispensed
 by a pharmacy.

3 "Contract pharmacy" means a pharmacy with which a 340B
4 covered entity has contracted to dispense 340B drugs on behalf
5 of the 340B covered entity to patients of the 340B covered
6 entity, whether distributed in person, via mail, or by other
7 means.

8 "Covered entity" has the same meaning as defined in title
9 42 United States Code section 256b(a)(4).

10 "Manufacturer" has the same meaning as defined in 11 section 328-112.

12 "Pharmacy" has the same meaning as defined in13 section 461-1.

14 \$ -2 Drug manufacturers; discriminatory acts prohibited.
15 (a) No manufacturer, or any agent or affiliate of a
16 manufacturer, shall deny, restrict, or prohibit, either directly
17 or indirectly, the acquisition of a 340B drug by, or shipping or
18 delivery of a 340B drug to, a pharmacy that is under contract
19 with a 340B covered entity and is authorized under the contract
20 to receive and dispense 340B drugs on behalf of the 340B covered

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entity unless the receipt is prohibited by the United States
 Department of Health and Human Services.

3 Nothing in this section shall deny, restrict, or (b) 4 prohibit a manufacturer from requiring a 340B covered entity to 5 provide claims data for the manufacturer's 340B drugs dispensed 6 through a contract pharmacy arrangement; provided that the 7 claims data is necessary to investigate potential diversion, 8 duplicate discounts, or whether a transaction is eligible for a 9 rebate under applicable arrangements between a drug manufacturer 10 and a third-party payor; provided further that any request for 11 claims data by a manufacturer shall be limited to claims 12 submitted no more than three years prior to the date of the 13 request. Any claims data provided pursuant to this subsection 14 shall be shared in a manner that is fully compliant with the 15 Health Insurance Portability and Accountability Act of 1996, 16 P.L. 104-191, and any other applicable privacy laws. Nothing in 17 this subsection shall be construed to supersede or conflict with any applicable federal laws, rules, or regulations governing the 18 19 340B program.



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(c) No person other than a 340B covered entity or the attorney general may bring a civil action based upon a violation of this section.

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\$ -3 Suits by private entities; injunctive relief only.
Any 340B covered entity that is injured in its business or
property by a violation of section -2 may bring a civil
action to enjoin the violation. If a judgment is awarded in
favor of the 340B covered entity, the 340B covered entity shall
be awarded reasonable attorney's fees together with the costs of
the suit.

11 § -4 Attorney general enforcement; remedies. (a) The 12 attorney general may bring a civil action to enjoin a violation 13 of section -2.

(b) Any manufacturer, or any agent or affiliate of a
manufacturer, that violates section -2 shall be fined no less
than \$500 and no more than \$2,500 for each violation. The fine
shall be collected in a civil action brought by the attorney
general on behalf of the State. The penalties provided in this
section shall be cumulative to the remedies or penalties
available under all other laws of the State. Each day that a

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violation of section -2 occurs shall constitute a separate
 violation.

3 (c) In an action brought by the attorney general, the
4 court may award disgorgement and any other equitable relief that
5 it considers appropriate.

6 § -5 Limitation of actions. Any action to enforce a
7 cause of action arising under this chapter shall be barred
8 unless commenced within four years after the cause of action
9 accrues. For the purposes of this section, a cause of action
10 for a continuing violation is deemed to accrue at any time
11 during the period of the violation.

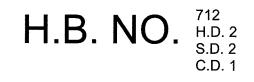
12 § -6 Reporting. (a) Beginning on July 1, 2026, and no
13 later than July 1 each year thereafter, each 340B covered entity
14 shall report to the hospital trade association operating in the
15 State the following information regarding the 340B covered
16 entity's use of contract pharmacies in the 340B program:

17 (1) Delineated by form of insurance or third-party payor
18 type, including but not limited to medicaid, medicare,
19 commercial insurance, and uninsured:

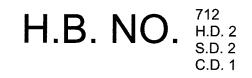
20 (A) Aggregated acquisition costs paid for all 340B
21 drugs dispensed at contract pharmacies, including



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1			the metric that was used to calculate 340B		
2			profits;		
3		(B)	Aggregated payments received from insurers or		
4			third-party payers for all 340B drugs dispensed		
5			at a contract pharmacy; and		
6		(C)	The total number of prescriptions filled with		
7			340B drugs at contract pharmacies; and		
8	(2)	Tota	l number of contract pharmacies, including the		
9		numb	er of contract pharmacies located outside of the		
10		Stat	e and the states in which out-of-state contract		
11		phar	macies are located.		
12	(b)	An o	fficer of the 340B covered entity shall certify		
13	the completeness and accuracy of the report submitted pursuant				
14	to subsection (a).				
15	(c)	The	hospital trade association located in the State		
16	shall use	the	information described in subsection (a) to prepare		
17	an annual	repo	rt detailing aggregate information received from		
18	all 340B covered entities in the State. No later than October				
19	1, 2027, and each year thereafter, the hospital trade				
20	associati	on lo	cated in the State shall make the report publicly		



- 1 available, including posting the report on a publicly accessible
- 2 website."
- 3 SECTION 3. This Act shall take effect on July 1, 2025.





Report Title:

AG; Affordable Health Care; Prescription Drugs; 340B Drug Pricing Program; Pharmacies; Covered Entities; Discriminatory Practices; Reports

Description:

Prohibits drug manufacturers from denying, restricting, or prohibiting the acquisition, shipping, or delivery of a 340B drug to pharmacies contracted with 340B covered entities under the federal 340B Drug Pricing Program. Authorizes 340B covered entities and the Attorney General to bring a civil action for enforcement within four years of a violation. Beginning 7/1/2026, requires each 340B covered entity in the State to report certain information annually to the hospital trade association operating in the State and requires the hospital trade association to prepare and publicly post an aggregate report of reports submitted by each 340B covered entity. (CD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

