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# 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  
3 health care access to low-income and uninsured populations. The  
4 340B program requires drug manufacturers to offer significant  
5 discounts on outpatient medications to eligible nonprofit  
6 hospitals and safety net providers, rural hospitals, community  
7 health centers, and Native Hawaiian health centers.

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.



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  
14 are crucial in Hawaii, where geographic barriers make access to  
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  
18 without the need to travel long distances. This is especially  
19 important for those requiring specialty drugs, which are often  
20 available only through specific pharmacy channels.



1       The legislature further finds that the current restrictions  
2 imposed by drug manufacturers not only limit a patient's access  
3 to affordable medication, but also jeopardize the financial  
4 savings that 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 in their operations, expand services, and support  
8 underserved communities. Without access to contract pharmacies,  
9 hospitals face reduced savings, which could result in cutbacks  
10 to essential health care programs.

11       Accordingly, the purpose of this Act is to preserve the  
12 integrity of the 340B drug pricing program by prohibiting drug  
13 manufacturers from denying, restricting, or prohibiting the  
14 acquisition, shipping, or delivery of a 340B drug to a pharmacy  
15 under contract with any 340B covered entity in the State.

16       SECTION 2. The Hawaii Revised Statutes is amended by  
17 adding a new chapter to be appropriately designated and to read  
18 as follows:

19                               **"CHAPTER**

20                               **340B DRUG DISCOUNT PROGRAM**

21       §   -1   **Definitions.** As used in this chapter:



1 "340B covered entity" means an entity that participates in  
2 the federal 340B drug pricing program authorized by title 42  
3 United States Code section 256b (section 340B of the Public  
4 Health Service Act).

5 "340B drug" means a prescription drug that is purchased by  
6 a 340B covered entity through the federal 340B drug pricing  
7 program authorized by title 42 United States Code section 256b  
8 (section 340B of the Public Health Service Act) and is dispensed  
9 by a pharmacy.

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

12 "Pharmacy" has the same meaning as defined in  
13 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 covered



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

3 (b) Nothing in this section shall deny, restrict, or  
4 prohibit a manufacturer from requiring a 340B covered entity to  
5 provide claims information for the manufacturer's 340B drugs.

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

9 § -3 Suits by private entities; injunctive relief only.

10 Any 340B covered entity that is injured in its business or  
11 property by a violation of section -2 may bring a civil  
12 action to enjoin the violation. If a judgment is awarded in  
13 favor of the 340B covered entity, the 340B covered entity shall  
14 be awarded reasonable attorney's fees together with the costs of  
15 the suit.

16 § -4 Attorney general enforcement; remedies. (a) The  
17 attorney general may bring a civil action to enjoin a violation  
18 of section -2.

19 (b) Any manufacturer, or any agent or affiliate of a  
20 manufacturer, that violates section -2 shall be fined no less  
21 than \$500 and no more than \$2,500 for each violation. The fine



1 shall be collected in a civil action brought by the attorney  
2 general on behalf of the State. The penalties provided in this  
3 section are cumulative to the remedies or penalties available  
4 under all other laws of the State. Each day that a violation of  
5 section -2 occurs shall constitute a separate violation.

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

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

15 § -6 **Covered entity transparency to increase**  
16 **accountability to safeguard benefit.** (a) Beginning on July 1,  
17 2026, and no later than July 1 each year thereafter, each  
18 covered entity shall report to the department of health with  
19 respect to the covered entity and separately for each offsite  
20 facility associated with the covered entity, the following



1 information for the prior year, in a form and manner determined  
2 by the department of health:

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

6 (A) Aggregated acquisition costs paid for all 340B  
7 drugs, including the metric that was used to  
8 calculate 340B profits;

9 (B) Aggregated payments received from insurers or  
10 third-party payers for all 340B drugs, including  
11 the metric that was used to calculate 340B  
12 profits;

13 (C) The total number of prescriptions and the  
14 percentage of the covered entity's prescriptions  
15 that were filled with 340B drugs; and

16 (D) The percentage of patients served by a sliding  
17 fee scale for 340B drugs at the point of sale for  
18 low-income patients;

19 (2) Total operating costs of the covered entity, and  
20 itemized costs for:



1 (A) Implementing direct pass through of 340B profits  
2 to patients in the form of lower cost sharing for  
3 340B drugs at the point of dispensing or  
4 administration;

5 (B) Implementing a sliding fee scale for 340B drugs  
6 at the point of sale for low-income patients; and

7 (C) Charity care;

8 (3) Total payments made to:

9 (A) Contract pharmacies for 340B program-related  
10 services and other functions;

11 (B) Third-party administrators for managing any  
12 components of the covered entity's 340B program;  
13 and

14 (C) Any other third parties in connection with 340B  
15 program-related compliance, including legal,  
16 educational, and administrative costs;

17 (4) Total number of contract pharmacies, including:

18 (A) The number of contract pharmacies located outside  
19 of the State and the states in which out-of-state  
20 contract pharmacies are located;





1 (B) The total number of prescriptions and the  
2 percentage of the covered entity's prescriptions  
3 that were filled at contract pharmacies,  
4 delineated by in-state and out-of-state contract  
5 pharmacies;

6 (C) The total remuneration paid to or retained by  
7 contract pharmacies or their affiliates for any  
8 340B program-related services performed on behalf  
9 of the covered entity; and

10 (D) The percentage change in the total remuneration  
11 paid to or retained by contract pharmacies or  
12 their affiliates for any 340B program-related  
13 services performed on behalf of the covered  
14 entity compared to the prior year.

15 (b) An officer of the covered entity shall certify the  
16 completeness and accuracy of the report submitted pursuant to  
17 subsection (a).

18 (c) The department of health shall use the information  
19 described in subsection (a) to prepare an annual report  
20 detailing aggregate information received from the covered  
21 entity, including 340B program revenue across all covered



1 entities in the state. The department of health shall submit  
2 the report to the legislature no later than October 1, 2026, and  
3 thereafter, twenty days prior to the convening of each regular  
4 session, beginning with the regular session of 2028. The  
5 department of health shall post the report submitted to the  
6 legislature and all reports submitted by covered entities  
7 pursuant to this section on a publicly accessible website.

8 (d) For the purposes of this section:

9 "340B profits" means the difference between:

10 (1) Aggregated payments received from insurers, third  
11 party payers, or self-paying patients for all 340B  
12 drugs; and

13 (2) The aggregated acquisition cost paid for all 340B  
14 drugs.

15 "340B program" means the federal drug pricing program  
16 described in title 42 United States Code section 256b.

17 "Charity care" has the same meaning as ascribed to that  
18 term in worksheet S-10 of the medicare cost report or in any  
19 successor form.

20 "Contract pharmacy" means a pharmacy with which a covered  
21 entity has contracted to dispense 340B drugs on behalf of the



1 covered entity to patients of the covered entity, whether  
2 distributed in person, via mail, or by other means.

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

5 "Low-income patient" means a patient of the covered entity  
6 having a family income below two hundred per cent of the federal  
7 poverty level."

8 SECTION 3. This Act shall take effect on December 31,  
9 2050.



**Report Title:**

AG; DOH; 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 the 340B covered entity and Attorney General to bring a civil action for enforcement. Specifies a 4-year limitations period for bringing an action. Requires each covered entity to report certain information annually to the Department of Health. Requires the Department of Health to prepare annual reports detailing the information received from covered entities, submit the reports to the Legislature, and make the reports publicly available. Defines covered entity. Effective 12/31/2050. (SD2)

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

