

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



GOV. MSG. NO. 1243

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

May 30, 2025

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Nadine Nakamura
Speaker, and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

This is to inform you that on May 30, 2025, the following bill was signed into law:

H.B. NO. 712, H.D. 2,
S.D. 2, C.D. 1

RELATING TO HEALTH.
ACT 143

Mahalo,

A handwritten signature in cursive script that reads "Josh Green M.D.".

Josh Green, M.D.
Governor, State of Hawai'i

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:

- 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;



1 (3) Requiring 340B covered entities to report certain
2 information annually to the hospital trade association
3 operating in the State; and

4 (4) Requiring the hospital trade association operating in
5 the State to prepare and publicly post annual reports
6 aggregating information provided by all 340B covered
7 entities.

8 SECTION 2. The Hawaii Revised Statutes is amended by
9 adding a new chapter to be appropriately designated and to read
10 as follows:

11 "CHAPTER

12 340B DRUG DISCOUNT PROGRAM

13 § -1 Definitions. As used in this chapter:

14 "340B covered entity" means an entity that participates in
15 the federal 340B drug pricing program authorized by title 42
16 United States Code section 256b (section 340B of the Public
17 Health Service Act).

18 "340B drug" means a prescription drug that is purchased by
19 a 340B covered entity through the federal 340B drug pricing
20 program authorized by title 42 United States Code section 256b



1 (section 340B of the Public Health Service Act) and is dispensed
2 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 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 340B 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 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
18 any applicable federal laws, rules, or regulations governing the
19 340B program.



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

4 **§ -3 Suits by private entities; injunctive relief only.**

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

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



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



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) Total number of contract pharmacies, including the
9 number of contract pharmacies located outside of the
10 State and the states in which out-of-state contract
11 pharmacies are located.

12 (b) An officer 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 report 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 association located 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.



H.B. NO. 712
H.D. 2
S.D. 2
C.D. 1

APPROVED this 30th day of May, 2025

A handwritten signature in black ink, appearing to read "Josh Green". The signature is fluid and cursive, with a large initial "J" and "G".

GOVERNOR OF THE STATE OF HAWAII

HB No. 712, HD 2, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 30, 2025
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2025.



Nadine K. Nakamura
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI'I

Date: April 30, 2025
Honolulu, Hawai'i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-Third Legislature of the State of Hawai'i, Regular Session of 2025.


President of the Senate


Clerk of the Senate