
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. Chapter 481B, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:

19 "§481B- Drug manufacturers; discriminatory acts
20 prohibited. (a) No manufacturer, or any agents or affiliates
21 of a manufacturer, shall deny, restrict, or prohibit, either



1 directly or indirectly, the acquisition of a 340B drug by, or
2 shipping or delivery of a 340B drug to, a pharmacy that is under
3 contract with a 340B covered entity and is authorized under the
4 contract to receive and dispense 340B drugs on behalf of the
5 covered entity unless the receipt is prohibited by the United
6 States Department of Health and Human Services.

7 (b) Any person who violates any provision of this section
8 shall be deemed to have engaged in an unfair or deceptive act or
9 practice in the conduct of any trade or commerce within the
10 meaning of section 480-2.

11 (c) For the purposes of this section:

12 "340B covered entity" means an entity that participates in
13 the federal 340B drug pricing program authorized by title 42
14 United States Code section 256b.

15 "340B drug" means a prescription drug that is purchased by
16 a 340B covered entity through the federal 340B drug pricing
17 program authorized by title 42 United States Code section 256b
18 and is dispensed by a pharmacy.

19 "Manufacturer" has the same meaning as defined in section
20 328-112."

21 SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act shall take effect on July 1, 3000.



Report Title:

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

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. Effective 7/1/3000.
(HD1)

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

