

JAN 17 2025

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 is essential for providing health care
3 access to low-income and uninsured populations. The federal
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 further finds that, despite the 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 further finds that contract pharmacies are
14 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 restricting the use of contract pharmacies by
14 any 340B covered entity in the State.

15 SECTION 2. Chapter 321, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:

18 "§321- Drug manufacturers and wholesale distributors;
19 discriminatory acts prohibited. (a) No drug manufacturer or
20 wholesale distributor, or any agents or affiliates thereof,
21 shall directly or indirectly limit or deny access to a 340B drug



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1 by a pharmacy that is contracted with a 340B covered entity and
2 is authorized to receive and dispense prescription drugs on its
3 behalf.

4 (b) Any person who violates this section shall be deemed
5 to have engaged in unfair or deceptive acts or practices in the
6 conduct of any trade or commerce within the meaning of section
7 480-2.

8 (c) For the purposes of this section:

9 "340B covered entity" means an entity that participates in
10 the federal 340B drug pricing program authorized by title 42
11 United States Code section 256b.

12 "340B drug" means an outpatient prescription drug that is
13 sold at a discount to a covered entity under the federal 340B
14 drug pricing program authorized by title 42 United States Code
15 section 256b.

16 "Manufacturer" has the same meaning as defined in section
17 328-112.

18 "Wholesale distributor" has the same meaning as defined in
19 section 328-112."

20 SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned to the right of the text "INTRODUCED BY:".

S.B. NO. 480

Report Title:

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

Description:

Prohibits drug manufacturers and wholesale distributors from restricting or denying access for pharmacies contracted with 340B covered entities to purchase 340B drugs at a discounted price under the federal 340B Drug Pricing Program. Imposes civil penalties for engaging in unfair or deceptive acts or practices in the conduct of any trade or commerce.

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