

Legislative Analysis



340B DRUG PRICING ENTITY PROTECTIONS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5350 as introduced
Sponsor: Rep. Alabas Farhat
Committee: Insurance and Financial Services
Complete to 6-4-24

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5350 would amend the Public Health Code to prohibit pharmaceutical manufacturers from denying access to drugs to certain organizations that participate in the federal 340B drug pricing program.

Specifically, the bill would prohibit manufacturers from doing any of the following:

- Denying, prohibiting, discriminating against, refusing or withholding pricing for, or otherwise limiting the dispensing, purchase, ordering, delivery, or receipt of a drug purchased by a **340B entity**, including a drug purchased to be dispensed or administered under a contract pharmacy arrangement.
- Prohibiting a pharmacy from contracting or participating with a 340B entity by denying 340B pricing on, or the pharmacy's access to, a drug that is manufactured by a manufacturer or based on a pharmacy's relationship with a 340B entity.

340B entity would mean a covered entity as that term is defined in 42 USC 256b.¹

Proposed MCL 333.17757c

BACKGROUND:

The 340B Drug Pricing Program is a federal program that requires pharmaceutical manufacturers that participate in Medicaid to sell outpatient drugs to organizations that care for uninsured or low-income patients at reduced prices.²

FISCAL IMPACT:

The bill would likely have no fiscal impact on health care entities operating in this state that are identified as "covered entities," as defined by 42 USC 256b, such as federally qualified health centers (FQHC), Native American health clinics, publicly owned hospitals and health systems, etc. However, the bill could provide the potential to incur savings for these entities, the extent of which would be entirely dependent upon how widespread the drug pricing behaviors this bill is intended to prevent currently are. Relevant data are not currently available to the House Fiscal Agency to provide an estimate.

Legislative Analyst: Alex Stegbauer
Fiscal Analyst: Kent Dell

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

¹ <https://www.law.cornell.edu/uscode/text/42/256b>

² <https://www.aha.org/fact-sheets/fact-sheet-340b-drug-pricing-program>