

**JOINT COMMITTEE ON FINANCIAL SERVICES
2025-2026 (194th) BILL SUMMARY**

Bill No: H1274

Title: AN ACT PROHIBITING PBMS FROM DISCRIMINATING AGAINST HOSPITALS AND PATIENTS PARTICIPATING IN THE 340B DRUG DISCOUNT PROGRAM

Sponsor: Rep. Brian W. Murray (*Milford*)

Hearing Date: June 10, 2025

Reporting Deadline: August 9, 2025

Prior History: None

Similar Matters: S819 (Payano); H1107 (Cahill); H1296 (Reid); S779 (Lewis); H785 (Murray)

CURRENT LAW:

Chapter 82 of the Acts of 2019, An Act relative to hospital access to discounted prescription drug prices. § 1

Adds a new section to *M.G.L. c. 118E Division of Medical Assistance (MassHealth)* prohibiting the health and human services secretary from restricting or limiting an eligible hospital's access to the discounted purchase of prescription drugs to the full extent permitted under section *340B of the Public Health Service Act*, as codified under *42 U.S.C. 256b* unless the secretary provides, at least 180 days before the proposed effective date of the limitation or restriction: (i) notice to eligible hospitals of the proposed restriction or limitation; and (ii) a report with the joint committee on health care financing and the senate and house committees on ways and means detailing: (A) the proposed restriction or limitation; (B) the anticipated aggregate savings to the commonwealth; (C) the estimated fiscal impact of the restriction or limitation on each affected hospital; and (D) the manner in which the secretary plans to mitigate the fiscal impact, which may include measures to maintain savings already achieved by providers under *42 U.S.C. 256b*.

42 U.S.C. § 256b Limitation on prices of drugs purchased by covered entities

Allows certain healthcare providers, hospitals and non-hospital entities that receive meet certain criteria and receive federal funding, such as federally qualified health centers, to purchase outpatient drugs at significantly reduced prices through what is referred to as the 340B program.

SUMMARY:

This proposed legislation seeks to prevent pharmacy benefit managers (PBMs) from discriminating against hospitals and pharmacies that participate in the 340B drug discount program.

The bill defines “340B covered entity” as an entity participating in the federal 340B drug discount program, as described in *42 U.S.C. § 256b*, including its pharmacy or pharmacies, or any pharmacy or pharmacies, contracted with the participating entity to dispense drugs purchased through such program.

A PBM or other third party that reimburses a 340B covered entity for drugs will not:

- (1) reimburse a 340B covered entity for a drug at a rate lower than that paid for the same drug to a non 340B entity
- (2) assess any fee, charge-back, or other adjustment on the 340B covered entity based on the entity’s participation in the 340B program
- (3) restrict network participation based on 340B status
- (4) mandate specific pharmacy contracts
- (5) require certain claim drug modifiers, or other methods to indicate that a drug is a 340B drug, except for MassHealth claims
- (6) impose coverage or benefits limitations on 340B pharmacy obtained drugs
- (7) interfere with a patient's right to choose a 340B pharmacy