The Commonwealth of Massachusetts

PRESENTED BY:

Daniel Cahill

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act prohibiting discrimination against 340b drug discount program participants.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Daniel Cahill	10th Essex	1/19/2023
Peter Capano	11th Essex	1/30/2023
Joanne M. Comerford	Hampshire, Franklin and Worcester	1/30/2023
John J. Cronin	Worcester and Middlesex	1/30/2023
David Henry Argosky LeBoeuf	17th Worcester	1/31/2023
Lindsay N. Sabadosa	1st Hampshire	1/31/2023
Andres X. Vargas	3rd Essex	1/31/2023
Jack Patrick Lewis	7th Middlesex	1/31/2023
Patricia A. Duffy	5th Hampden	2/1/2023
Frank A. Moran	17th Essex	2/3/2023
Thomas M. Stanley	9th Middlesex	2/3/2023
Tram T. Nguyen	18th Essex	2/3/2023
Rodney M. Elliott	16th Middlesex	2/3/2023
James J. O'Day	14th Worcester	2/7/2023
James K. Hawkins	2nd Bristol	2/13/2023
Vanna Howard	17th Middlesex	2/13/2023
Brian W. Murray	10th Worcester	2/17/2023
Estela A. Reyes	4th Essex	2/22/2023

Rebecca L. Rausch

2/24/2023

By Representative Cahill of Lynn, a petition (accompanied by bill, House, No. 959) of Daniel Cahill and others for legislation to prohibit discrimination against 340B drug discount program participants. Financial Services.

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Third General Court (2023-2024)

An Act prohibiting discrimination against 340b drug discount program participants.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1	SECTION 1. Chapter 32A of the General laws, as appearing in the 2020 Official Edition,
2	is hereby amended by inserting after Section 33, the following new section:-
3	Section 34
4	(a) DEFINITIONS. For purposes of this section:
5	(1) "340B-covered entity" has the same meaning as that set forth in section 256b(a)(4) of
6	Title 42 of the United States Code.
7	(2) "Contract pharmacy" means a pharmacy operating under contract with a 340B-
8	covered entity to provide dispensing services to the 340B-covered entity as described in 75 Fed.
9	Reg. 10,272 (Mar. 5, 2010).

10 (3) "Drug coverage" means:

11 (i) An insurance company organized under this Chapter providing reimbursement for 12 covered outpatient drugs, excepting any Medicaid insurance plan of the Commonwealth as 13 defined in G. L. c. 118E or other applicable laws governing Medicaid in the Commonwealth; 14 (ii) Notwithstanding the foregoing, the term "drug coverage" does not include any 15 amounts paid by an individual on his or her own behalf or on behalf of another individual. 16 (b) TERMS OF AGREEMENTS. No drug coverage that reimburses a-340B-covered 17 entity or its contract pharmacy for drugs that are subject to an agreement under section 18 256b(a)(1) of Title 42 of the United States Code:

(i) Shall reimburse a covered entity or contract pharmacy for a quantity of a 340B drug in
an amount less than such plan, issuer, or manager would pay to any other similarly situated entity
or pharmacy that is not a covered entity or a contract pharmacy for such quantity of such drug on
the basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity or
pharmacy dispenses 340B drugs.

(ii) Shall discriminate against a 340B-covered entity (as defined in subsection (a)(1)) or a contract pharmacy (as defined in subsection (a)(2)) by imposing requirements, exclusions, reimbursement terms, or other conditions on such entity or pharmacy that differ from those applied to entities or pharmacies that are not 340B-covered entities or contract pharmacies on the basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity or pharmacy dispenses 340B drugs, including by taking any action prohibited under subsection (b).

30 (ii) Shall impose any terms or conditions on 340B-covered entities or contract
31 pharmacies with respect to any of the following that differ from such terms or conditions applied
32 to other similarly situated entities or pharmacies that are not 340B-covered entities or contract

33	pharmacies on the basis that the entity or pharmacy is a 340B-covered entity or contract
34	pharmacy or that the entity or pharmacy dispenses 340B drugs:
35	(A) Fees, chargebacks, clawbacks, adjustments, or other assessments.
36	(B) Professional dispensing fees.
37	(C) Restrictions or requirements regarding participation in standard or preferred
38	pharmacy networks.
39	(D) Requirements relating to the frequency or scope of audits or to inventory
40	management systems using generally accepted accounting principles.
41	(iii) Shall require a claim for a drug to include a modifier to indicate that the drug is a
42	340B drug, or any other method of identifying the claim as 340B, unless the claim is for
43	payment, directly or indirectly, by Medicaid as defined in Section 8 of Chapter 118E.
44	(c) Patient's Choice. With respect to a patient eligible to receive drugs that are
45	subject to an agreement under section 256b of Title 42 of the United States Code from a 340B-
46	covered entity or its contract pharmacy, no entity that makes payment for such drugs shall
47	discriminate against the 340B-covered entity or its contract pharmacy in a manner that prevents,
48	steers, or otherwise interferes with the patient's choice to receive such drugs from the 340B-
49	covered entity or its contract pharmacy.
50	SECTION 2. Chapter 175 of the General laws, as appearing in the 2020 Official Edition,
51	is hereby amended by inserting after Section 47tt, the following new section:-
52	Section 47uu

(a) DEFINITIONS. For purposes of this section:

54 (1) "340B-covered entity" has the same meaning as that set forth in section 256b(a)(4) of
55 Title 42 of the United States Code.

(2) "Contract pharmacy" means a pharmacy operating under contract with a 340Bcovered entity to provide dispensing services to the 340B-covered entity as described in 75 Fed.
Reg. 10,272 (Mar. 5, 2010).

59 (3) "Drug coverage" means:

(i) An insurance company organized under this Chapter providing reimbursement for
covered outpatient drugs, excepting any Medicaid insurance plan of the Commonwealth as
defined in G. L. c. 118E or other applicable laws governing Medicaid in the Commonwealth;

63 (ii) Notwithstanding the foregoing, the term "drug coverage" does not include any
64 amounts paid by an individual on his or her own behalf or on behalf of another individual.

(b) TERMS OF AGREEMENTS. No drug coverage that reimburses a-340B-covered
entity or its contract pharmacy for drugs that are subject to an agreement under section
256b(a)(1) of Title 42 of the United States Code:

(i) Shall reimburse a covered entity or contract pharmacy for a quantity of a 340B drug in
an amount less than such plan, issuer, or manager would pay to any other similarly situated entity
or pharmacy that is not a covered entity or a contract pharmacy for such quantity of such drug on
the basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity or
pharmacy dispenses 340B drugs.

73	(ii) Shall discriminate against a 340B-covered entity (as defined in subsection (a)(1)) or a
74	contract pharmacy (as defined in subsection (a)(2)) by imposing requirements, exclusions,
75	reimbursement terms, or other conditions on such entity or pharmacy that differ from those
76	applied to entities or pharmacies that are not 340B-covered entities or contract pharmacies on the
77	basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity or
78	pharmacy dispenses 340B drugs, including by taking any action prohibited under subsection (b).
79	(ii) Shall impose any terms or conditions on 340B-covered entities or contract
80	pharmacies with respect to any of the following that differ from such terms or conditions applied
81	to other similarly situated entities or pharmacies that are not 340B-covered entities or contract
82	pharmacies on the basis that the entity or pharmacy is a 340B-covered entity or contract
83	pharmacy or that the entity or pharmacy dispenses 340B drugs:
84	(A) Fees, chargebacks, clawbacks, adjustments, or other assessments.
85	(B) Professional dispensing fees.
86	(C) Restrictions or requirements regarding participation in standard or preferred
87	pharmacy networks.
88	(D) Requirements relating to the frequency or scope of audits or to inventory
89	management systems using generally accepted accounting principles.
90	(iii) Shall require a claim for a drug to include a modifier to indicate that the drug is a
91	340B drug, or any other method of identifying the claim as 340B, unless the claim is for
92	payment, directly or indirectly, by Medicaid as defined in Section 8 of Chapter 118E.

93	(c) Patient's Choice. With respect to a patient eligible to receive drugs that are
94	subject to an agreement under section 256b of Title 42 of the United States Code from a 340B-
95	covered entity or its contract pharmacy, no entity that makes payment for such drugs shall
96	discriminate against the 340B-covered entity or its contract pharmacy in a manner that prevents,
97	steers, or otherwise interferes with the patient's choice to receive such drugs from the 340B-
98	covered entity or its contract pharmacy.
99	SECTION 3. Chapter 176A of the General laws, as appearing in the 2020 Official
100	Edition, is hereby amended by inserting after Section 39, the following Section:
101	Section 40
102	(a) DEFINITIONS. For purposes of this section:
103	(1) "340B-covered entity" has the same meaning as that set forth in section 256b(a)(4) of
104	Title 42 of the United States Code.
105	(2) "Contract pharmacy" means a pharmacy operating under contract with a 340B-
106	covered entity to provide dispensing services to the 340B-covered entity as described in 75 Fed.
107	Reg. 10,272 (Mar. 5, 2010).
108	(3) "Drug coverage" means:
109	(i) An insurance company organized under this Chapter providing reimbursement for
110	covered outpatient drugs, excepting any Medicaid insurance plan of the Commonwealth as
111	defined in G. L. c. 118E or other applicable laws governing Medicaid in the Commonwealth;
112	(ii) Notwithstanding the foregoing, the term "drug coverage" does not include any
113	amounts paid by an individual on his or her own behalf or on behalf of another individual.
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(b) TERMS OF AGREEMENTS. No drug coverage that reimburses a-340B-covered
entity or its contract pharmacy for drugs that are subject to an agreement under section
256b(a)(1) of Title 42 of the United States Code:

(i) Shall reimburse a covered entity or contract pharmacy for a quantity of a 340B drug in
an amount less than such plan, issuer, or manager would pay to any other similarly situated entity
or pharmacy that is not a covered entity or a contract pharmacy for such quantity of such drug on
the basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity or
pharmacy dispenses 340B drugs.

(ii) Shall discriminate against a 340B-covered entity (as defined in subsection (a)(1)) or a
contract pharmacy (as defined in subsection (a)(2)) by imposing requirements, exclusions,
reimbursement terms, or other conditions on such entity or pharmacy that differ from those
applied to entities or pharmacies that are not 340B-covered entities or contract pharmacies on the
basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity or
pharmacy dispenses 340B drugs, including by taking any action prohibited under subsection (b).

(ii) Shall impose any terms or conditions on 340B-covered entities or contract
pharmacies with respect to any of the following that differ from such terms or conditions applied
to other similarly situated entities or pharmacies that are not 340B-covered entities or contract
pharmacies on the basis that the entity or pharmacy is a 340B-covered entity or contract
pharmacy or that the entity or pharmacy dispenses 340B drugs:

133

(A) Fees, chargebacks, clawbacks, adjustments, or other assessments.

134 (B) Professional dispensing fees.

135 (C) Restrictions or requirements regarding participation in standard or preferred136 pharmacy networks.

137 (D) Requirements relating to the frequency or scope of audits or to inventory138 management systems using generally accepted accounting principles.

(iii) Shall require a claim for a drug to include a modifier to indicate that the drug is a
340B drug, or any other method of identifying the claim as 340B, unless the claim is for
payment, directly or indirectly, by Medicaid as defined in Section 8 of Chapter 118E.

(c) Patient's Choice. With respect to a patient eligible to receive drugs that are
subject to an agreement under section 256b of Title 42 of the United States Code from a 340Bcovered entity or its contract pharmacy, no entity that makes payment for such drugs shall
discriminate against the 340B-covered entity or its contract pharmacy in a manner that prevents,
steers, or otherwise interferes with the patient's choice to receive such drugs from the 340Bcovered entity or its contract pharmacy.

SECTION 4. Section 1 of Chapter 176B of the General laws, as appearing in the 2020
Official Edition, is hereby amended by inserting after the definition of "Commissioner", the
following new definitions:

151 "340B-covered entity" has the same meaning as that set forth in section 256b(a)(4) of
152 Title 42 of the United States Code.

153 "Contract pharmacy" means a pharmacy operating under contract with a 340B-covered
154 entity to provide dispensing services to the 340B-covered entity as described in 75 Fed. Reg.
155 10,272 (Mar. 5, 2010).

"Drug coverage" means: 156

157	(i) An insurance company organized under this Chapter providing reimbursement for
158	covered outpatient drugs, excepting any Medicaid insurance plan of the Commonwealth as
159	defined in G. L. c. 118E or other applicable laws governing Medicaid in the Commonwealth;
160	(ii) Notwithstanding the foregoing, the term "drug coverage" does not include any
161	amounts paid by an individual on his or her own behalf or on behalf of another individual.
162	SECTION 5. Chapter 176B of the General laws, as appearing in the 2020 Official
163	Edition, is hereby further amended by inserting after Section 26 the following new section:-
164	Section 27.
165	(a) TERMS OF AGREEMENTS. No drug coverage that reimburses a-340B-covered
166	entity or its contract pharmacy for drugs that are subject to an agreement under section
167	256b(a)(1) of Title 42 of the United States Code:
168	(i) Shall reimburse a covered entity or contract pharmacy for a quantity of a 340B drug in
169	an amount less than such plan, issuer, or manager would pay to any other similarly situated entity
170	or pharmacy that is not a covered entity or a contract pharmacy for such quantity of such drug on
171	the basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity or
172	pharmacy dispenses 340B drugs.
173	(ii) Shall discriminate against a 340B-covered entity (as defined in subsection (a)(1)) or a
174	contract pharmacy (as defined in subsection (a)(2)) by imposing requirements, exclusions,
175	reimbursement terms, or other conditions on such entity or pharmacy that differ from those
176	applied to entities or pharmacies that are not 340B-covered entities or contract pharmacies on the

basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity orpharmacy dispenses 340B drugs, including by taking any action prohibited under subsection (b).

(ii) Shall impose any terms or conditions on 340B-covered entities or contract
pharmacies with respect to any of the following that differ from such terms or conditions applied
to other similarly situated entities or pharmacies that are not 340B-covered entities or contract
pharmacies on the basis that the entity or pharmacy is a 340B-covered entity or contract
pharmacy or that the entity or pharmacy dispenses 340B drugs:

184 (A) Fees, chargebacks, clawbacks, adjustments, or other assessments.

185 (B) Professional dispensing fees.

186 (C) Restrictions or requirements regarding participation in standard or preferred187 pharmacy networks.

(D) Requirements relating to the frequency or scope of audits or to inventory
 management systems using generally accepted accounting principles.

(iii) Shall require a claim for a drug to include a modifier to indicate that the drug is a
340B drug, or any other method of identifying the claim as 340B, unless the claim is for
payment, directly or indirectly, by Medicaid as defined in Section 8 of Chapter 118E.

(b) Patient's Choice. With respect to a patient eligible to receive drugs that are
subject to an agreement under section 256b of Title 42 of the United States Code from a 340Bcovered entity or its contract pharmacy, no entity that makes payment for such drugs shall
discriminate against the 340B-covered entity or its contract pharmacy in a manner that prevents,

steers, or otherwise interferes with the patient's choice to receive such drugs from the 340B-covered entity or its contract pharmacy.

SECTION 6. Section 1 of Chapter 176G of the General laws, as appearing in the 2020
Official Edition, is hereby amended by inserting after the definition of "Company", the following
new definitions:

202 "340B-covered entity" has the same meaning as that set forth in section 256b(a)(4) of
203 Title 42 of the United States Code.

204 "Contract pharmacy" means a pharmacy operating under contract with a 340B-covered
205 entity to provide dispensing services to the 340B-covered entity as described in 75 Fed. Reg.
206 10,272 (Mar. 5, 2010).

207 "Drug coverage" means:

(i) An insurance company organized under this Chapter providing reimbursement for
covered outpatient drugs, excepting any Medicaid insurance plan of the Commonwealth as
defined in G. L. c. 118E or other applicable laws governing Medicaid in the Commonwealth;
(ii) Notwithstanding the foregoing, the term "drug coverage" does not include any
amounts paid by an individual on his or her own behalf or on behalf of another individual.
SECTION 7. Chapter 176G of the General laws, as appearing in the 2020 Official
Edition, is hereby further amended by inserting after Section 34 the following new section:-

215 Section 35.

(a) TERMS OF AGREEMENTS. No drug coverage that reimburses a-340B-covered
entity or its contract pharmacy for drugs that are subject to an agreement under section
256b(a)(1) of Title 42 of the United States Code:

(i) Shall reimburse a covered entity or contract pharmacy for a quantity of a 340B drug in
an amount less than such plan, issuer, or manager would pay to any other similarly situated entity
or pharmacy that is not a covered entity or a contract pharmacy for such quantity of such drug on
the basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity or
pharmacy dispenses 340B drugs.

(ii) Shall discriminate against a 340B-covered entity (as defined in subsection (a)(1)) or a
contract pharmacy (as defined in subsection (a)(2)) by imposing requirements, exclusions,
reimbursement terms, or other conditions on such entity or pharmacy that differ from those
applied to entities or pharmacies that are not 340B-covered entities or contract pharmacies on the
basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity or
pharmacy dispenses 340B drugs, including by taking any action prohibited under subsection (b).

(ii) Shall impose any terms or conditions on 340B-covered entities or contract
pharmacies with respect to any of the following that differ from such terms or conditions applied
to other similarly situated entities or pharmacies that are not 340B-covered entities or contract
pharmacies on the basis that the entity or pharmacy is a 340B-covered entity or contract
pharmacy or that the entity or pharmacy dispenses 340B drugs:

235

(A) Fees, chargebacks, clawbacks, adjustments, or other assessments.

(B) Professional dispensing fees.

237 (C) Restrictions or requirements regarding participation in standard or preferred238 pharmacy networks.

(D) Requirements relating to the frequency or scope of audits or to inventorymanagement systems using generally accepted accounting principles.

(iii) Shall require a claim for a drug to include a modifier to indicate that the drug is a
340B drug, or any other method of identifying the claim as 340B, unless the claim is for
payment, directly or indirectly, by Medicaid as defined in Section 8 of Chapter 118E.

(b) Patient's Choice. With respect to a patient eligible to receive drugs that are
subject to an agreement under section 256b of Title 42 of the United States Code from a 340Bcovered entity or its contract pharmacy, no entity that makes payment for such drugs shall
discriminate against the 340B-covered entity or its contract pharmacy in a manner that prevents,
steers, or otherwise interferes with the patient's choice to receive such drugs from the 340Bcovered entity or its contract pharmacy.

SECTION 8. Section 1 of Chapter 176I of the General laws, as appearing in the 2020
Official Edition, is hereby amended by inserting after the definition of "Commissioner", the
following new definitions:

253 "340B-covered entity" has the same meaning as that set forth in section 256b(a)(4) of
254 Title 42 of the United States Code.

255 "Contract pharmacy" means a pharmacy operating under contract with a 340B-covered
256 entity to provide dispensing services to the 340B-covered entity as described in 75 Fed. Reg.
257 10,272 (Mar. 5, 2010).

"Drug coverage" means:

259	(i) An insurance company organized under this Chapter providing reimbursement for
260	covered outpatient drugs, excepting any Medicaid insurance plan of the Commonwealth as
261	defined in G. L. c. 118E or other applicable laws governing Medicaid in the Commonwealth;
262	(ii) Notwithstanding the foregoing, the term "drug coverage" does not include any
263	amounts paid by an individual on his or her own behalf or on behalf of another individual.
264	SECTION 9. Chapter 176I of the General laws, as appearing in the 2020 Official Edition,
265	is hereby further amended by inserting after Section 14 the following new section:-
266	Section 15.
267	(a) TERMS OF AGREEMENTS. No drug coverage that reimburses a-340B-covered
268	entity or its contract pharmacy for drugs that are subject to an agreement under section
269	256b(a)(1) of Title 42 of the United States Code:
270	(i) Shall reimburse a covered entity or contract pharmacy for a quantity of a 340B drug in
271	an amount less than such plan, issuer, or manager would pay to any other similarly situated entity
272	or pharmacy that is not a covered entity or a contract pharmacy for such quantity of such drug on
273	the basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity or
274	pharmacy dispenses 340B drugs.
275	(ii) Shall discriminate against a 340B-covered entity (as defined in subsection (a)(1)) or a
276	contract pharmacy (as defined in subsection (a)(2)) by imposing requirements, exclusions,
277	reimbursement terms, or other conditions on such entity or pharmacy that differ from those
278	applied to entities or pharmacies that are not 340B-covered entities or contract pharmacies on the

basis that the entity or pharmacy is a covered entity or contract pharmacy or that the entity orpharmacy dispenses 340B drugs, including by taking any action prohibited under subsection (b).

(ii) Shall impose any terms or conditions on 340B-covered entities or contract
pharmacies with respect to any of the following that differ from such terms or conditions applied
to other similarly situated entities or pharmacies that are not 340B-covered entities or contract
pharmacies on the basis that the entity or pharmacy is a 340B-covered entity or contract
pharmacy or that the entity or pharmacy dispenses 340B drugs:

286 (A) Fees, chargebacks, clawbacks, adjustments, or other assessments.

287 (B) Professional dispensing fees.

(C) Restrictions or requirements regarding participation in standard or preferredpharmacy networks.

(D) Requirements relating to the frequency or scope of audits or to inventorymanagement systems using generally accepted accounting principles.

(iii) Shall require a claim for a drug to include a modifier to indicate that the drug is a
340B drug, or any other method of identifying the claim as 340B, unless the claim is for
payment, directly or indirectly, by Medicaid as defined in Section 8 of Chapter 118E.

(b) Patient's Choice. With respect to a patient eligible to receive drugs that are
subject to an agreement under section 256b of Title 42 of the United States Code from a 340Bcovered entity or its contract pharmacy, no entity that makes payment for such drugs shall
discriminate against the 340B-covered entity or its contract pharmacy in a manner that prevents,

- steers, or otherwise interferes with the patient's choice to receive such drugs from the 340B-
- 300 covered entity or its contract pharmacy.