
SUBSTITUTE HOUSE BILL 2145

State of Washington

69th Legislature

2026 Regular Session

By House Health Care & Wellness (originally sponsored by Representatives Thai, Macri, Obras, Parshley, Tharinger, Salahuddin, Stonier, Berry, Zahn, Bergquist, Lekanoff, Fosse, Stearns, Entenman, Duerr, Wylie, Reed, Fey, Hill, Pollet, Santos, Taylor, Hall, Bernbaum, Berg, Ormsby, Reeves, Ryu, Kloba, Ramel, Doglio, Mena, Cortes, Street, Scott, Thomas, Morgan, Gregerson, Goodman, Farivar, and Davis)

READ FIRST TIME 01/28/26.

1 AN ACT Relating to protecting patient access to discounted
2 medications and health care services through Washington's health care
3 safety net by preventing manufacturer limitations on the 340B drug
4 pricing program; adding a new chapter to Title 69 RCW; and
5 prescribing penalties.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that the federal
8 340B drug pricing program is essential for providing health care
9 access to low-income and uninsured populations. The 340B program
10 requires drug manufacturers to offer discounts on outpatient
11 medications to eligible providers that serve these populations. They
12 include federally qualified health centers, Ryan White (HIV) clinics,
13 tribal and urban Indian health centers, critical access hospitals,
14 and other safety net hospitals that meet stringent federal criteria.

15 (2) Congress created the 340B program in 1992, stating that the
16 program's benefits enable covered "entities to stretch scarce federal
17 resources as far as possible, reaching more eligible patients and
18 providing more comprehensive services." (H.R. Rep. No. 102-384 (II),
19 at 12 (1992)). The 340B program allows certain safety net providers
20 to sustain underfunded services and reinvest savings into essential
21 community benefits, such as financial assistance for low-income

1 patients, no-cost wellness visits, screenings, vaccinations,
2 transportation to appointments, health education classes, case
3 management, medication adherence services, and workforce development
4 programs.

5 (3) The federal health resources and services administration
6 permits covered entities to contract with pharmacies to enable access
7 to life-saving drugs and drugs that preserve quality of life to
8 eligible patients, including for those who otherwise have limited
9 access.

10 (4) The 340B program and contract pharmacies are crucial to
11 Washington's safety net providers by ensuring patients can access
12 their prescribed medications, while providing additional resources to
13 covered entities to serve vulnerable and underserved populations.

14 (5) More than 20 other states have recognized the importance of
15 contract pharmacies to the 340B program and have taken action to
16 prohibit drug manufacturers from imposing restrictions on covered
17 entities' ability to serve patients through contract pharmacies.

18 (6) Federal courts, including the fifth and eighth circuit courts
19 of appeals, have upheld states' authority to legislate on the
20 distribution of 340B drugs through contract pharmacies.

21 (7) The current restrictions imposed by drug manufacturers not
22 only limit a patient's access to affordable medication but also
23 jeopardize the financial savings that safety net providers depend on
24 to reinvest in their operations, expand services, and support
25 underserved communities.

26 (8) The legislature, therefore, finds that prohibiting drug
27 manufacturers from imposing restrictions on covered entities is
28 necessary to protect Washington's vulnerable patients, their access
29 to medications, and safety net providers' ability to serve their
30 patients.

31 NEW SECTION. **Sec. 2.** The definitions in this section apply
32 throughout this chapter unless the context clearly requires
33 otherwise.

34 (1) "340B drug" means a drug that has been subject to an offer
35 for reduced prices by a manufacturer under 42 U.S.C. Sec. 256b and is
36 purchased by a covered entity.

37 (2) "340B program" means the federal 340B drug pricing program,
38 as described in 42 U.S.C. Sec. 256b.

1 (3) (a) "Covered entity" means an entity authorized to participate
2 in the federal 340B drug pricing program, as defined in 42 U.S.C.
3 Sec. 256b(a) (4) as of the effective date of this section.

4 (b) "Covered entity" also includes an offsite outpatient facility
5 affiliated with an entity described in (a) of this subsection.

6 (4) "Department" means the department of health.

7 (5) "Manufacturer" means a person, corporation, or other entity
8 engaged in the manufacture of drugs or devices. It includes an agent,
9 contractor, or affiliate of a manufacturer.

10 (6) "Package" has the same meaning as in 21 U.S.C. Sec.
11 360eee(11) (A) as of the effective date of this section.

12 (7) "Pharmacy" has the same meaning as in RCW 18.64.011.

13 NEW SECTION. **Sec. 3.** (1) A manufacturer or third party acting
14 on behalf of a manufacturer may not, directly or indirectly, deny,
15 restrict, or prohibit the acquisition of a 340B drug by, or delivery
16 of a 340B drug to, a covered entity, a pharmacy that is under
17 contract with a covered entity to receive and dispense a 340B drug on
18 behalf of the covered entity, or any location authorized by a covered
19 entity to receive such 340B drug, unless federal law prohibits
20 receipt of the 340B drug.

21 (2) A manufacturer or third party acting on behalf of a
22 manufacturer may not, directly or indirectly, require a covered
23 entity to submit any claims, utilization, purchasing, or other data
24 as a condition for allowing the acquisition of a 340B drug by, or
25 delivery of a 340B drug to, a covered entity, a pharmacy that is
26 under contract with a covered entity to receive and dispense a 340B
27 drug on behalf of the covered entity, or any location authorized by a
28 covered entity to receive such 340B drug, unless federal law requires
29 such data sharing.

30 NEW SECTION. **Sec. 4.** (1) In addition to any other remedy
31 provided by law, a covered entity may file a civil action against a
32 manufacturer or a third party acting on behalf of a manufacturer for
33 a violation of section 3 of this act. If a court finds that the
34 manufacturer or third party acting on behalf of a manufacturer
35 violated section 3 of this act, the court may enjoin the violation
36 and award a civil penalty of up to \$5,000 per day for each violation,
37 as well as reasonable attorneys' fees and costs. Each package of 340B

1 drugs subject to a prohibited act under section 3 of this act
2 constitutes a separate violation.

3 (2) The attorney general may bring an action in the name of the
4 state, or as parens patriae on behalf of persons residing in the
5 state, to enforce section 3 of this act. For actions brought by the
6 attorney general to enforce the provisions of section 3 of this act,
7 the legislature finds that the practices covered by section 3 of this
8 act are matters vitally affecting the public interest for the purpose
9 of applying the consumer protection act, chapter 19.86 RCW. For
10 actions brought by the attorney general to enforce section 3 of this
11 act, a violation of section 3 of this act is not reasonable in
12 relation to the development and preservation of business and is an
13 unfair or deceptive act in trade or commerce and an unfair method of
14 competition for the purpose of applying the consumer protection act,
15 chapter 19.86 RCW.

16 (3) Nothing in this chapter is to be construed or applied to
17 conflict with federal law and related regulations, including 21
18 U.S.C. Sec. 355-1, or other laws of this state, if the state law is
19 compatible with applicable federal law.

20 NEW SECTION. **Sec. 5.** (1) Before April 1st of each year, a
21 covered entity shall report the following information to the
22 department concerning the covered entity's participation in the 340B
23 program for the previous calendar year:

24 (a) The following information for the covered entity:

25 (i) Name;

26 (ii) Service address;

27 (iii) 340B program identification number; and

28 (iv) Designation of entity type, as specified in 42 U.S.C. Sec.
29 256b(a)(4);

30 (b) The aggregate acquisition cost for all 340B drugs obtained
31 under the 340B program and dispensed or administered to patients;

32 (c) The aggregate payment amount received for all 340B drugs
33 obtained under the 340B program and dispensed or administered to
34 patients;

35 (d) The aggregate payment made to pharmacies that are under
36 contract with the covered entity to receive and dispense 340B drugs
37 on behalf of the covered entity;

38 (e) The number of claims for prescription drugs described in (c)
39 of this subsection;

1 (f) How the covered entity uses any savings from participating in
2 the 340B program, including the amount of savings used for the
3 provision of charity care, community benefits, or a similar program
4 of providing unreimbursed or subsidized health care;

5 (g) The aggregate payments made to any other entity that is not a
6 covered entity and is not a contract pharmacy as described in (d) of
7 this subsection for managing any aspect of the covered entity's 340B
8 program;

9 (h) The aggregate payment made for any other administering
10 expense for the 340B program;

11 (i) The aggregate number of prescription drugs dispensed or
12 administered to patients for which a payment was reported under (c)
13 of this subsection;

14 (j) The percentage of the covered entity's claims that were for
15 prescription drugs obtained under the 340B program; and

16 (k) The number and percentage of low-income patients of the
17 covered entity that were served by a sliding fee scale for a
18 prescription drug dispensed or administered under the 340B program.

19 (2) The information required to be reported under subsection (1)
20 of this section must be reported by payer type, including the
21 following:

22 (a) Commercial;

23 (b) Medicaid;

24 (c) Medicare; and

25 (d) Uninsured.

26 (3) Before April 1st of each year, a manufacturer that
27 participates in the 340B program shall report the following
28 information to the department concerning the manufacturer's
29 participation in the program for the previous calendar year:

30 (a)(i) The amount of all reductions in price, including cash
31 discounts, free goods that are contingent on any purchase
32 requirement, volume discounts, and rebates, available from the
33 manufacturer, other than reductions in price required under the
34 federal 340B statute;

35 (ii) The manufacturer shall include information on all reductions
36 in price broken out by wholesaler, retailer, provider, health
37 maintenance organization, nonprofit entity, pharmacy benefit manager,
38 payer, governmental entity, or any other entities within the United
39 States. This information must be shared as a percentage of the

1 manufacturer's total revenue for that year per entity or
2 organization;

3 (b) The number of overcharges by manufacturers that exceeded the
4 340B ceiling price, the amount of each instance of overcharging by
5 the manufacturer, and the date on which each overcharge occurred, as
6 well as the amounts of appropriate credits and refunds issued to
7 covered entities as a result of audits;

8 (c) The average 340B discount on each of the top 25 340B drugs
9 dispensed in the state by each manufacturer, including the percentage
10 of the discount imposed due to inflationary rebate, as described in
11 42 U.S.C. Sec. 1396r-8(c)(2)(A) and 42 U.S.C. Sec. 1396r-8(c)(3)(C),
12 and the discount if it were not capped with a maximum rebate amount,
13 as described in 42 U.S.C. Sec. 1396r-8(c)(2)(D).

14 (4) The department shall prepare a template reporting form for
15 covered entities and manufacturers to use to fulfill the reporting
16 requirements of this section.

17 (5) The data submitted in the reports required under this section
18 is confidential and is not available for public inspection.

19 (6) The department may share the information received under this
20 section with the health care authority under a data-sharing
21 agreement.

22 (7)(a) Before November 15th of each year, the department shall
23 submit a report to the legislature that aggregates the data submitted
24 under this section.

25 (b) The department shall also make the report available on the
26 department's website.

27 (8) The department may issue a fine, in accordance with RCW
28 43.70.095, of \$1,000 per day for a covered entity or manufacturer
29 that fails to provide the information required by this section by the
30 date required.

31 (9) The department may adopt rules necessary to implement this
32 section.

33 NEW SECTION. **Sec. 6.** If any provision of this act or its
34 application to any person or circumstance is held invalid, the
35 remainder of the act or the application of the provision to other
36 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 7.** Sections 1 through 5 of this act
2 constitute a new chapter in Title 69 RCW.

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