
SECOND SUBSTITUTE HOUSE BILL 2145

State of Washington

69th Legislature

2026 Regular Session

By House Appropriations (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 02/09/26.

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; creating a new
5 section; and 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 (9) Furthermore, the legislature also finds that in order to
32 understand the risks associated with such manufacturer restrictions,
33 and prevent future restrictions that may reduce access to medications
34 and harm Washington's vulnerable patients, it is necessary to collect
35 information regarding the scope and impact of the 340B program in
36 Washington.

37 NEW SECTION. **Sec. 2.** The definitions in this section apply
38 throughout this chapter unless the context clearly requires
39 otherwise.

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

4 (2) "340B program" means the federal 340B drug pricing program,
5 as described in 42 U.S.C. Sec. 256b.

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

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

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

12 (5) "Hospital covered entity" means a covered entity described in
13 42 U.S.C. Sec. 256b(a) (4) (L) through (O).

14 (6) "Manufacturer" means a person, corporation, or other entity
15 engaged in the manufacture of drugs or devices. It includes an agent,
16 contractor, or affiliate of a manufacturer.

17 (7) "Package" has the same meaning as in 21 U.S.C. Sec.
18 360eee(11) (A) as of the effective date of this section.

19 (8) "Pharmacy" has the same meaning as in RCW 18.64.011.

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

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

37 NEW SECTION. **Sec. 4.** (1) In addition to any other remedy
38 provided by law, a covered entity may file a civil action against a

1 manufacturer or a third party acting on behalf of a manufacturer for
2 a violation of section 3 of this act. If a court finds that the
3 manufacturer or third party acting on behalf of a manufacturer
4 violated section 3 of this act, the court may enjoin the violation
5 and award a civil penalty of up to \$5,000 per day for each violation,
6 as well as reasonable attorneys' fees and costs. Each package of 340B
7 drugs subject to a prohibited act under section 3 of this act
8 constitutes a separate violation.

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

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

26 NEW SECTION. **Sec. 5.** (1) Annually on or before April 1st of
27 each year, following the conclusion of a hospital covered entity's
28 fiscal year, a hospital covered entity shall report the following
29 information to the department concerning the hospital covered
30 entity's participation in the 340B program for the previous fiscal
31 year:

- 32 (a) The following information for the hospital covered entity:
33 (i) Name;
34 (ii) Service address;
35 (iii) 340B program identification number;
36 (iv) Designation of entity type, as specified in 42 U.S.C. Sec.
37 256b(a)(4)(L) through (O); and
38 (v) The facility's national provider identification number;

1 (b) A description of how the hospital covered entity uses savings
2 from participation in the 340B program to benefit its community
3 through programs and services funded in whole or in part by savings
4 from the 340B program, including services that support community
5 access to care and improve access to lifesaving medications, which
6 the hospital covered entity could not continue without savings from
7 the 340B program;

8 (c) The annual estimated savings from the 340B program to the
9 hospital covered entity, comparing the acquisition price of drugs
10 under the 340B program to the wholesale acquisition cost;

11 (d) A comparison of the hospital covered entity's savings under
12 the 340B program to the hospital covered entity's total drug
13 expenditures, including examples of the hospital covered entity's top
14 drugs purchased through the 340B program; and

15 (e) A description of the hospital covered entity's internal
16 review and oversight of the 340B program, which must meet the federal
17 health resources and services administration's program rules and
18 guidance for compliance.

19 (2)(a) The department shall prepare a template reporting form for
20 hospital covered entities to use to fulfill the reporting
21 requirements of this section.

22 (b) The department shall make the reported information available
23 on the department's website.

24 (3) The department may issue a fine, in accordance with RCW
25 43.70.095, of \$1,000 per day for a hospital covered entity that fails
26 to provide the information required by this section by the date
27 required.

28 NEW SECTION. **Sec. 6.** If any provision of this act or its
29 application to any person or circumstance is held invalid, the
30 remainder of the act or the application of the provision to other
31 persons or circumstances is not affected.

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

34 NEW SECTION. **Sec. 8.** If specific funding for the purposes of
35 this act, referencing this act by bill or chapter number, is not

1 provided by June 30, 2026, in the omnibus appropriations act, this
2 act is null and void.

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