H.266 Protections for 340B Covered Entities and Contract Pharmacies
Rep. Berbeco, House Health Care
March 26, 2025

Overview

This bill is intended to protect the 340B Drug Pricing Program, which is critical to providers that serve our state's most vulnerable. H.266 also establishes important reporting requirements that will bring increased transparency to the program.

340B is a federal program established in 1992 to allow certain hospitals, health centers, and clinics serving vulnerable populations to purchase outpatient prescription drugs at significantly reduced prices. The goal of the program is to stretch our federal resources, allowing 340B covered entities to provide more comprehensive services to uninsured and underinsured patients. The savings these health care organizations retain due to the discounted drug prices allow them to offer discounted prescription drugs, reduced patient payments, and increased access to dental care just to name a few.

Why Do We Need This Bill Now?

The 340B program and the savings derived from participating in the program are critical to the operations and financial stability of federally qualified health centers and several hospitals in Vermont. However, over the last five years, drug manufacturers have implemented several restrictions to the program, including the ability for health care organizations to contract with pharmacies in their communities, which has severely eroded the savings available. The reduced funding has put additional pressure on already fragile budgets.

Critics of the 340B program have noted a lack of transparency in the program, especially around how health care organizations use their savings. This bill, with input from all key stakeholders strikes an important balance between providing insight into how the savings are used and benefiting Vermont residents and the need to protect the 340B program from further erosion.

The bill is a structured approach to ensuring that 340B program benefits reach the patients and communities they were intended to serve. We feel this bill introduces accountability, transparency, and regulatory oversight to prevent the misuse of funds and protect rural and community pharmacies.

The House Committee on Health Care voted H266 out with tripartisan support, on a vote of 10-0-1, and it passed the body unanimously by voice vote.

Committee Testimony extensive testimony was taken from a broad range of witnesses, including:

- A national policy advisor from the state associations of Community Health Centers
- The senior vice president of policy and strategy at Bi-State Primary Care Association
- The Vermont Association of Hospitals and Health Systems
- The deputy VP of state policy at the Pharmaceutical Research and Manufacturers of America
- Representatives from Blue Cross Blue Shield, Vermont
- MVP Healthcare
- The VP of clinical operations at Rutland Regional Medical Center
- The CEO of Community Health Centers of Burlington
- The VP of public affairs at Vermont Planned Parenthood of Northern New England
- The director of Rutland Pharmacy
- A staff attorney with the Office of the Healthcare Advocate at Vermont Legal Aid
- The Office of Legislative Counsel

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Section by Section Abbreviated Summary

Section 1:

Prohibition on Discrimination: Prevents manufacturers from restricting the acquisition of 340B drugs by covered entities or contract pharmacies, unless mandated by federal law.

Data Privacy Protections: Prohibits manufacturers from requiring 340B entities to submit claims, utilization, or purchase data as a condition for access to 340B drugs.

Protection for Pharmacy Operations: Ensures that pharmacies contracted with 340B entities can dispense 340B drugs without interference.

Discount Structure Requirements: Mandates that manufacturers offer 340B drug pricing as a discount at the time of purchase rather than as a rebate.

Legal Remedies and Enforcement: Grants covered entities the right to seek injunctive relief, compensatory and punitive damages, and other legal recourse if harmed by violations of these provisions.

Section 2:

Annual Reporting Requirements: Requires hospitals participating in the 340B program to report to the Green Mountain Care Board on savings, payments to contract pharmacies, and reinvestment into community care.

Sunset Provision: Includes a repeal date of January 31, 2031 for reporting requirements to allow for future review and potential adjustments.

The bill takes effect on passage and the first report would be due January 31, 2026