

Subject Contract pharmacies and the 340B Drug Pricing Program

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Date March 17, 2026

Summary

The federal 340B Drug Pricing Program requires drug manufacturers to enter into a pharmaceutical pricing agreement with the U.S. Secretary of Health and Human Services, in order to have their drugs covered under Medicaid and Medicare. Under the agreement, the manufacturer must agree to make covered outpatient drugs available at a discount to specified health care providers referred to as “covered entities.” Some covered entities contract with outside pharmacies – or “contract pharmacies” – to dispense 340B drugs purchased by the covered entity.

Under current state statutes (section 62J.96), drug manufacturers are prohibited from restricting the delivery of a 340B covered drug to a contract pharmacy. In other words, manufacturers cannot establish policies that would limit delivery of 340B drugs to contract pharmacies. This prohibition expires July 1, 2027.

H.F. 3609 deletes the expiration of the prohibition, so that drug manufacturers would continue to be prohibited from restricting delivery of 340B drugs to contract pharmacies. H.F. 3609 also adds language to state statutes providing that a drug manufacturer’s violation of the restriction is considered an unfair or deceptive trade practice enforceable by the attorney general.