AB-1460 Prescription drug pricing. (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL NO. 1460

Introduced by Assembly Member Rogers
(Coauthors: Assembly Members Carrillo, Ransom, and Ward)

February 21, 2025

An act to add Section 127472 to the Health and Safety Code, relating to prescription drug pricing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1460, as amended, Rogers. Prescription drug pricing.

Existing federal law requires the United States Secretary of Health and Human Services to enter into an agreement with each manufacturer of covered outpatient drugs to ensure the amount a covered entity is required to pay for those drugs does not exceed the average manufacturer price of the drug under the federal Medicaid program. Existing state law requires a covered entity to dispense only drugs subject to these federal pricing requirements to Medi-Cal beneficiaries. Existing law prohibits a pharmacy benefit manager from discriminating against a covered entity or its pharmacy in connection with dispensing a drug subject to federal pricing requirements or preventing a covered entity from retaining the benefit of discounted pricing for those drugs.

This bill would prohibit a prescription drug manufacturer from engaging in discriminatory practices that would impose additional conditions, prohibit, restrict, deny, or interfere with a qualifying nonhospital 340B community clinic's purchase or delivery of a drug subject to federal pricing requirements if the qualifying nonhospital 340B community clinic utilizes a specified pharmacy, including a contract pharmacy, that dispenses the drug to an eligible patient of the qualifying nonhospital 340B community clinic. The bill would define "discriminatory practices" and "qualifying nonhospital 340B community clinic" for these purposes. *The bill would require qualifying nonhospital 340B community clinics to annually perform specified activities to ensure compliance with program rules and guidance from the federal Health Resources and Services Administration.* The bill would make ~~a related intent statement.~~ *related intent statements.*

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 127472 is added to the Health and Safety Code, to read:

127472. (a) A prescription drug manufacturer shall not engage in discriminatory practices that would impose additional conditions, prohibit, restrict, deny, or interfere with a qualifying nonhospital 340B community clinic's purchase or delivery of a drug eligible for discounts under the federal pricing requirements set forth in Section 256b of Title 42 of the United States ~~Code,~~ *Code* if the qualifying nonhospital 340B community clinic utilizes a specified pharmacy, including a contract pharmacy, that dispenses the drug to an eligible patient of the qualifying nonhospital 340B community clinic.

(b) This section does not alter, change, or diminish existing state law.

(c) It is the intent of the Legislature that nothing in this section change the requirements imposed by Section 340B of the federal Public Health Service Act (42 U.S.C. Sec. 256b) and regulations pursuant to that act, including the requirement that a 340B covered entity is required to permit the United States Secretary of Health and Human Services (Secretary) and the manufacturer of a covered outpatient drug that is subject to an agreement with the entity pursuant to paragraph (1) of subdivision (a) of Section 340B, acting in accordance with procedures established by the Secretary relating to the number, duration, and scope of audits, to audit at the Secretary's or the manufacturer's expense the records of the entity that directly pertain to the entity's compliance with the requirements to prohibit duplicate discounts or rebates and prohibit the resale of drugs with respect to drugs of the manufacturer.

(d) To ensure compliance with program rules and guidance from the federal Health Resources and Services Administration (HRSA), qualifying nonhospital 340B community clinics shall annually perform all of the following:

(1) Conduct annual audits on contract pharmacies to be carried out by an independent audit firm and take appropriate action to address any deficiencies.

(2) Identify how 340B savings are being used to support patient care and report to the HRSA.

(3) Recertify their status as a covered entity annually with the HRSA.

~~(d)~~

(e) (1) For purposes of this section, "discriminatory practices" shall include, but are not limited to, limiting a qualifying nonhospital 340B community clinic to one contract pharmacy or restricting the number of contract pharmacies a qualifying nonhospital 340B community clinic may use to dispense drugs to an eligible patient, restricting a qualifying nonhospital 340B community clinic from using a contract pharmacy if it has an in-house pharmacy, restricting a nonhospital 340B community clinic from being able to ship to eligible patients over a certain distance if it has an in-house pharmacy, limiting the type of medications eligible for discounts, or adding arbitrary distance limitations.

(2) For purposes of this section, "qualifying nonhospital 340B community clinic" means a center or clinic that is licensed under subdivision (a) of Section 1204, or a clinic operated by a city, county, city and county, or hospital authority that is exempt from licensure under subdivision (b) of Section 1206, an intermittent clinic that is exempt from licensure under subdivision (h) of Section 1206, or a rural health clinic, as defined in ~~paragraph (1) of subdivision (1) of Section 1396d~~ *Section 1396d(l)(1)* of Title 42 of the United States Code, and that is a 340B covered entity pursuant to Section 256b of Title 42 of the United States Code.

(f) This section does not prohibit a prescription drug manufacturer from requesting a 340B covered entity to provide the invoice number, unique identifier, and coding associated with a claim for the purposes of identifying and investigating a duplicate discount, diversion, or validating the eligibility of a claim for the 340B price. Claims shall be deidentified and the provision of this information shall be consistent with federal and state medical privacy laws, including the federal Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191). Prescription drug manufacturers shall only request this information on an annual basis and are prohibited from withholding 340B discounts while the claims data is being reconciled.