

SENATE BILL 986

J2, J5

4lr3300

By: **Senator Lam**

Introduced and read first time: February 2, 2024

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **State Board of Pharmacy – Prohibition on Discrimination Against 340B Drug**
3 **Distribution**

4 FOR the purpose of prohibiting a 340B manufacturer, wholesale drug distributor, or
5 third-party logistics provider, or an agent or affiliate of a 340B manufacturer,
6 wholesale drug distributor, or third-party logistics provider, from taking certain
7 actions to limit or restrict the acquisition or delivery of a 340B drug; making a
8 violation of this Act an unfair, abusive, or deceptive trade practice within the
9 meaning of the Consumer Protection Act; and generally relating to 340B drugs.

10 BY repealing and reenacting, with amendments,
11 Article – Commercial Law
12 Section 13–301(14)(xl)
13 Annotated Code of Maryland
14 (2013 Replacement Volume and 2023 Supplement)

15 BY repealing and reenacting, without amendments,
16 Article – Commercial Law
17 Section 13–301(14)(xli)
18 Annotated Code of Maryland
19 (2013 Replacement Volume and 2023 Supplement)

20 BY adding to
21 Article – Commercial Law
22 Section 13–301(14)(xlii)
23 Annotated Code of Maryland
24 (2013 Replacement Volume and 2023 Supplement)

25 BY repealing and reenacting, without amendments,
26 Article – Health Occupations
27 Section 12–101(a) and (d)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2021 Replacement Volume and 2023 Supplement)

3 BY adding to
4 Article – Health Occupations
5 Section 12–6C–09.1
6 Annotated Code of Maryland
7 (2021 Replacement Volume and 2023 Supplement)

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
9 That the Laws of Maryland read as follows:

10 **Article – Commercial Law**

11 13–301.

12 Unfair, abusive, or deceptive trade practices include any:

13 (14) Violation of a provision of:

14 (xl) Title 14, Subtitle 13 of the Public Safety Article; [or]

15 (xli) Title 14, Subtitle 45 of this article; or

16 **(XLII)SECTION 12–6C–09.1 OF THE HEALTH OCCUPATIONS**
17 **ARTICLE; OR**

18 **Article – Health Occupations**

19 12–101.

20 (a) In this title the following words have the meanings indicated.

21 (d) “Board” means the State Board of Pharmacy.

22 **12–6C–09.1.**

23 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
24 **INDICATED.**

25 **(2) “COVERED ENTITY” HAS THE MEANING STATED IN 42 U.S.C. §**
26 **256B(A)(4).**

27 **(3) “PACKAGE” HAS THE MEANING STATED IN 21 U.S.C. §**
28 **360EEE(11).**

1 **(4) (I) “340B DRUG” MEANS A DRUG THAT:**

2 **1. IS A COVERED OUTPATIENT DRUG UNDER 42 U.S.C. §**
3 **256B;**

4 **2. HAS BEEN SUBJECT TO AN OFFER FOR REDUCED**
5 **PRICES BY A 340B MANUFACTURER UNDER 42 U.S.C. § 256B(A)(1); AND**

6 **3. IS PURCHASED BY A COVERED ENTITY.**

7 **(II) “340B DRUG” INCLUDES A DRUG THAT WOULD HAVE BEEN**
8 **PURCHASED BUT FOR THE LIMITATION UNDER SUBSECTION (D) OF THIS SECTION.**

9 **(5) “340B MANUFACTURER” MEANS A MANUFACTURER, AS DEFINED**
10 **IN 42 U.S.C. § 1396R–8(K)(5), OF COVERED OUTPATIENT DRUGS THAT HAS SIGNED**
11 **A PHARMACEUTICAL PRICING AGREEMENT UNDER 42 U.S.C. § 256B(A)(1).**

12 **(B) THIS SECTION APPLIES TO:**

13 **(1) A 340B MANUFACTURER;**

14 **(2) A WHOLESALE DRUG DISTRIBUTOR;**

15 **(3) A THIRD–PARTY LOGISTICS PROVIDER; AND**

16 **(4) AN AGENT OR AFFILIATE OF A 340B MANUFACTURER,**
17 **WHOLESALE DRUG DISTRIBUTOR, OR THIRD–PARTY LOGISTICS PROVIDER.**

18 **(C) THIS SECTION MAY NOT BE CONSTRUED TO BE:**

19 **(1) LESS RESTRICTIVE THAN ANY FEDERAL LAW THAT IS APPLICABLE**
20 **TO A PERSON REGULATED BY THIS SECTION; OR**

21 **(2) IN CONFLICT WITH APPLICABLE FEDERAL AND STATE LAWS AND**
22 **REGULATIONS.**

23 **(D) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,**
24 **AN ENTITY SUBJECT TO THIS SECTION MAY NOT DIRECTLY OR INDIRECTLY DENY,**
25 **RESTRICT, PROHIBIT, DISCRIMINATE AGAINST, OR OTHERWISE LIMIT THE**
26 **ACQUISITION OF A 340B DRUG BY, OR DELIVERY OF A 340B DRUG TO, A PHARMACY**
27 **THAT IS UNDER CONTRACT WITH OR OTHERWISE AUTHORIZED BY A COVERED**
28 **ENTITY TO RECEIVE 340B DRUGS ON BEHALF OF THE COVERED ENTITY UNLESS THE**

1 RECEIPT OF 340B DRUGS IS PROHIBITED BY THE U.S. DEPARTMENT OF HEALTH
2 AND HUMAN SERVICES.

3 (2) AN ENTITY SUBJECT TO THIS SECTION MAY LIMIT THE
4 DISTRIBUTION OF A 340B DRUG IF THE LIMITATION IS REQUIRED UNDER 21 U.S.C.
5 § 355-1.

6 (E) (1) A VIOLATION OF SUBSECTION (D) OF THIS SECTION:

7 (I) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IS AN
8 UNFAIR, ABUSIVE, OR DECEPTIVE TRADE PRACTICE WITHIN THE MEANING OF TITLE
9 13 OF THE COMMERCIAL LAW ARTICLE AND IS SUBJECT TO THE ENFORCEMENT AND
10 PENALTY PROVISIONS CONTAINED IN TITLE 13 OF THE COMMERCIAL LAW ARTICLE;
11 AND

12 (II) SHALL BE JOINTLY OR SEPARATELY INVESTIGATED BY THE
13 BOARD OR THE CONSUMER PROTECTION DIVISION OF THE OFFICE OF THE
14 ATTORNEY GENERAL.

15 (2) (I) IN ADDITION TO THE PENALTIES UNDER TITLE 13 OF THE
16 COMMERCIAL LAW ARTICLE, A CIVIL FINE MAY BE ASSESSED IN THE AMOUNT OF
17 \$50,000 PER VIOLATION OF SUBSECTION (D) OF THIS SECTION.

18 (II) A VIOLATION OF THIS SECTION DOES NOT CREATE A
19 PRIVATE RIGHT OF ACTION UNDER § 13-408 OF THE COMMERCIAL LAW ARTICLE.

20 (3) IF A VIOLATION OF SUBSECTION (D) OF THIS SECTION IS
21 COMMITTED BY A PERSON LICENSED OR PERMITTED BY THE BOARD, THE BOARD
22 MAY IMPOSE DISCIPLINE, SUSPENSION, OR REVOCATION OF THE PERSON'S LICENSE
23 OR PERMIT.

24 (4) EACH PACKAGE OF 340B DRUGS SUBJECT TO A VIOLATION OF
25 SUBSECTION (D) OF THIS SECTION SHALL CONSTITUTE A SEPARATE VIOLATION.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
27 1, 2024.