



Assembly Bill 1460 – Prescription drug pricing.

Updated: April 7, 2025

Bill Summary

This bill helps community health centers and other safety-net providers address health equity and access to care issues in California by protecting their ability to utilize contract pharmacies to dispense 340B medications to their patients in underserved communities.

Background

The 340B program was founded in 1992 to help clinics and hospitals that serve vulnerable and uninsured patients secure affordable prescription drugs at certain healthcare facilities. These nonprofit hospitals and clinics are known as “covered entities.” Originally, facilities without their own pharmacies could use an outside pharmacy (called a contract pharmacy) to dispense 340B drugs to patients. In 2010, the Health Resources and Services Administration (HRSA) allowed these facilities to work with more than one pharmacy. This change made contract pharmacies even more important, especially in rural areas, by giving more people access to discounted drugs. Contract pharmacies have been essential to the 340B program for over a decade, helping healthcare facilities serve their communities better by offering less expensive healthcare options.

During a time when federal cuts are disrupting support for clinics and affordability is a major concern for many Californians, access to contract pharmacies provide:

1. Increased Access: Uninsured patients, including those in remote and underserved areas, can access medications at a discounted price. They also ensure that patients with health insurance can access their medications and provide pass-through savings to their healthcare provider.
2. Operational Efficiency: For facilities without their own pharmacies, teaming up with contract pharmacies means they do not have to devote financial resources to the set up or management of a pharmacy.

These advantages help eligible healthcare facilities make the most of their resources so they can offer more benefits and services to their communities. The 340B program lets these facilities serve more patients and provide better health services by conserving their resources with discounted drug prices. Timely and convenient access to medications improves medication adherence and thus, improves control over chronic diseases.

Problem

Since 2020, many drug manufacturers have introduced restrictions that diminish the ability of covered entities to use 340B contract pharmacies to dispense medications to their patients. These restrictions often limit covered entities to one contract pharmacy location, require data sharing, and restrict which drugs qualify for 340B pricing at those pharmacies. This makes it harder for covered entities to leverage contract pharmacies for discounts on medications for their patients.

Eleven states have passed laws prohibiting these restrictions (Arkansas, Louisiana, West Virginia, Maryland, Minnesota, Mississippi, Missouri, South Dakota, North Dakota, Utah, and Kansas). Additionally, this legislation to protect contract pharmacy access has been introduced in more than 15 other states.

Solution

AB 1460 ensures California safety-net providers can use contract pharmacies to serve their patients by prohibiting pharmaceutical manufacturers from placing contract pharmacy restrictions on health care providers that utilize the federal 340B discount drug program to serve low-income communities.

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Support

California Partnership For Health (co-sponsor)
California Primary Care Association Advocates (co-sponsor)
California Hospital Association
California Retired Teachers Association
San Ysidro Health
County of Humboldt
Rural County Representatives of California