CHAPTER 288

SENATE BILL 1176

AN ACT

AMENDING TITLE 20, CHAPTER 25, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 3; RELATING TO PHARMACY.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:
Section 1. Title 20, chapter 25, Arizona Revised Statutes, is amended by adding article 3, to read:

ARTICLE 3. 340B PHARMACIES

20-3341. Definitions
IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:
1. "DRUG COVERAGE":
   (a) MEANS ANY FORM OF COMPENSATION PAID TO A PHARMACY THAT DISPENSES PRESCRIPTION DRUGS FOR A PATIENT UNDER A CONTRACTUAL OR OTHER LEGAL OBLIGATION WITH A HEALTH INSURER OR PHARMACY BENEFIT MANAGER.
   (b) DOES NOT INCLUDE EITHER OF THE FOLLOWING:
      (i) COVERAGE PROVIDED PURSUANT TO TITLE 36, CHAPTER 29, ARTICLE 1.
      (ii) ANY AMOUNTS PAID BY AN INDIVIDUAL ON HIS OR HER OWN BEHALF OR ON BEHALF OF ANOTHER INDIVIDUAL WITHOUT A CONTRACTUAL OR LEGAL OBLIGATION TO DO SO.
2. "HEALTH CARE PLAN" HAS THE SAME MEANING PRESCRIBED IN SECTION 20-3151.
4. "THIRD PARTY" MEANS A HEALTH INSURER OR PHARMACY BENEFIT MANAGER THAT PROVIDES OR MANAGES DRUG COVERAGE UNDER A HEALTH CARE PLAN.
5. "340B COVERED ENTITY" MEANS AN ENTITY THAT PARTICIPATES IN THE 340B DRUG DISCOUNT PROGRAM AUTHORIZED BY 42 UNITED STATES CODE SECTION 256b.
6. "340B DRUG" MEANS A DRUG THAT IS PURCHASED BY A 340B COVERED ENTITY THROUGH THE 340B DRUG DISCOUNT PROGRAM AUTHORIZED BY 42 UNITED STATES CODE SECTION 256b AND THAT IS DISPENSED BY A PHARMACY.

20-3342. Applicability
A. THIS ARTICLE APPLIES TO THIRD PARTIES THAT PROVIDE OR MANAGE DRUG COVERAGE UNDER A HEALTH CARE PLAN IN THIS STATE.
B. THIS ARTICLE DOES NOT APPLY TO ANY OF THE FOLLOWING:
   1. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION AND ITS CONTRACTORS AS DEFINED IN SECTION 36-2901 TO THE EXTENT THE SERVICES ARE PROVIDED PURSUANT TO TITLE 36, CHAPTER 29 OR 34 OR EQUIVALENT MEDICAID PROGRAMS FROM OTHER STATES.
   2. THE DEPARTMENT OF HEALTH SERVICES TO THE EXTENT THE SERVICES ARE PROVIDED UNDER THE AIDS DRUG ASSISTANCE PROGRAM.
   3. ANY INDIVIDUAL OR ENTITY IDENTIFIED IN SECTION 36-2930.05.

20-3343. 340B drug program; 340B covered entities; pharmacies; drug coverage
A. ALL CONTRACTS THAT ARE ISSUED, DELIVERED OR RENEWED ON OR AFTER JANUARY 1, 2024 FOR A THIRD PARTY THAT REIMBURSES FOR 340B DRUGS SHALL NOT DO ANY OF THE FOLLOWING:
   1. DISCRIMINATE IN REIMBURSEMENT ON THE BASIS THAT THE PHARMACY DISPENSES A 340B DRUG.
2. Assess any fee, chargeback, clawback or adjustment on the basis that a pharmacy dispenses a 340B drug.
3. Exclude a pharmacy from a third party’s pharmacy network on the basis that the pharmacy dispenses a 340B drug.
4. Restrict the methods or pharmacies within a third party network by which a 340B covered entity may dispense or deliver 340B drugs.

Approved by the Governor June 13, 2022.

Filed in the Office of the Secretary of State June 13, 2022.