



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4327

Introduced 1/14/2026, by Rep. Curtis J. Tarver, II

SYNOPSIS AS INTRODUCED:

30 ILCS 5/3-1B new

Amends the Illinois State Auditing Act. Provides that, as soon as practical after the effective date of the amendatory Act, the Auditor General shall conduct a comprehensive investigation of how 340B covered entities within Illinois participate in the 340B Drug Discount Program. Provides that the investigation shall examine the impact of this participation by 340B covered entities on State health programs, such as Medicaid and the State Employees Group Insurance Program, and shall include the specified assessments. Requires the Auditor General to make recommendations to the General Assembly based on the findings from the investigation.

LRB104 17027 BAB 30442 b

1 AN ACT concerning auditing.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Findings. The General Assembly finds that:

5 (1) The original intent of the 340B Drug Discount
6 Program was to provide discounted medicines to eligible
7 healthcare organizations for the purpose of improving
8 access to affordable medications for low-income,
9 underinsured, and uninsured patients being treated at
10 eligible hospitals, including disproportionate share
11 hospitals, clinics, federally qualified health centers
12 (FQHC), and safety-net hospitals.

13 (2) Congress intended the 340B Drug Discount Program
14 to provide discounts only to federally-funded clinics and
15 public hospitals that provide direct clinical care to
16 large numbers of uninsured Americans.

17 (3) The lack of transparency and accountability of the
18 340B Program has resulted in the expansion of services to
19 commercially insured patient populations who are charged
20 full price for drugs purchased at steeply discounted 340B
21 prices, resulting in the intended benefit to not reach the
22 vulnerable patient populations that the program was
23 designed to help.

24 (4) The appropriate and effective use of the 340B Drug

1 Discount Program is essential for improving health
2 outcomes, particularly for underserved communities in
3 rural, suburban, and urban areas throughout Illinois.

4 (5) The integrity and efficacy of State health
5 programs, such as Medicaid and the State Employees Group
6 Insurance Program, could be impacted by the lack of
7 transparency of the 340B Drug Discount Program and current
8 practices.

9 Section 5. The Illinois State Auditing Act is amended by
10 adding Section 3-1B as follows:

11 (30 ILCS 5/3-1B new)

12 Sec. 3-1B. 340B Drug Discount Program audit.

13 (a) In this Section:

14 "340B covered entity" means a covered entity as defined in
15 42 U.S.C. 256b(a)(4) authorized to participate in the 340B
16 Drug Discount Program.

17 "340B Drug Discount Program" means the program established
18 under Section 340B of the federal Public Health Service Act,
19 42 U.S.C. 256b.

20 "Contract pharmacy" means a pharmacy that enters into a
21 contract with a 340B covered entity to provide services to the
22 340B covered entity's patients, including dispensing
23 entity-owned 340B drugs.

24 (b) As soon as practical after the effective date of this

1 amendatory Act of the 104th General Assembly, the Auditor
2 General shall conduct a comprehensive investigation of how
3 340B covered entities within Illinois participate in the 340B
4 Drug Discount Program. The investigation shall examine the
5 impact of this participation by 340B covered entities on State
6 health programs, such as Medicaid and the State Employees
7 Group Insurance Program, and shall include, but not be limited
8 to, an assessment of:

9 (1) the amount of 340B profit, defined as the total
10 patient and payer reimbursement less the total 340B
11 acquisition cost, generated by 340B covered entities from
12 both self-administered and physician-administered drugs;

13 (2) the amount spent on third-party administrators for
14 the management of the 340B Drug Discount Program;

15 (3) the amount paid to pharmacy benefit managers in
16 contract pharmacy arrangements;

17 (4) the amount paid to contract pharmacies;

18 (5) whether covered entities maintain title to 340B
19 drugs in contract pharmacy locations;

20 (6) the average markup imposed by covered entities on
21 340B-priced drugs; and

22 (7) the extent to which 340B entities pass 340B
23 discounts to vulnerable patients at the point of sale for
24 both in-house and contracted pharmacies.

25 (c) The Auditor General shall make recommendations to the
26 General Assembly based on the findings from the investigation.