



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB5421

Introduced 2/13/2026, by Rep. Bob Morgan

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the 340B Integrity Act. Defines terms. Provides that, beginning January 1, 2027, 340B covered entities shall not bill any medical assistance fee-for-service or medical assistance managed care programs under the Illinois Public Aid Code for 340B drugs. Provides that, beginning July 1, 2026 a 340B covered entity shall use 80% of 340B profits from the prior year to decrease at the point of sale, including at the 340B contract pharmacy, the out-of-pocket costs paid for 340B drugs that are dispensed or administered to low-income patients of the 340B covered entity. Provides that, on or before September 1, 2026, and on or before September 1 of each year thereafter, each 340B covered entity shall annually report to the Department of Insurance, with respect to the 340B covered entity and separately for each offsite outpatient facility associated with the 340B covered entity, the specified information about the prior year. Provides that, on or before December 31, 2026, the Department of Central Management Services shall submit a report to the General Assembly on any impact to the State employee health plan arising from 340B covered entity purchases, 340B contract pharmacy arrangements, and general practices related to 340B drugs, regardless of whether the 340B drugs were self-administered or provider-administered. Provides that the report shall include, but not be limited to, an analysis of foregone rebates, the impact on premiums, and the impact to State employee out-of-pocket costs. Provides that, on or before December 31, 2026, the Department of Healthcare and Family Services shall report to the General Assembly on certain items for total aggregated covered outpatient drug units dispensed or administered in the State for the prior calendar year in connection with the medical assistance program under the Illinois Public Aid Code, broken out by fee-for-service and by each managed care plan. Makes other changes. Effective immediately.

LRB104 20390 BAB 33850 b

1 AN ACT concerning regulation.

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

4 Section 1. Short title. This Act may be cited as the 340B  
5 Integrity Act.

6 Section 5. Definitions. In this Act:

7 "340B contract pharmacy" means a pharmacy with which a  
8 340B covered entity has contracted to dispense 340B drugs on  
9 behalf of the 340B covered entity to patients of the 340B  
10 covered entity, regardless of whether the 340B drugs are  
11 distributed in person, via mail, or by other means.

12 "340B covered entity" has the meaning given to that term  
13 in 42 U.S.C. 256b(a) (4).

14 "340B drug" means a covered outpatient drug, as defined in  
15 42 U.S.C. 1396r-8(k) (2), that has been subject to any offer  
16 for reduced prices by a manufacturer pursuant to 42 U.S.C.  
17 256b(a) (1) and is purchased by a 340B covered entity.

18 "340B drug discount program" means the federal drug  
19 pricing program described in 42 U.S.C. 256b.

20 "340B profits" means the difference between the aggregated  
21 payments received from insurers, payers, or self-paying  
22 patients for all 340B drugs and the aggregated acquisition  
23 cost paid for all 340B drugs.

1 "Charity care" has the meaning given to that term in line  
2 23 of worksheet S-10 to the Medicare cost report or in any  
3 successor form.

4 "Covered outpatient drug" means a covered outpatient drug,  
5 as defined in 42 U.S.C. 1396r-8(k)(2).

6 "Low-income patient" means a patient of a 340B covered  
7 entity with a family income below 200% of the poverty  
8 guidelines updated periodically in the Federal Register by the  
9 U.S. Department of Health and Human Services under the  
10 authority of 42 U.S.C. 9902(2).

11 Section 10. Medical assistance carveout. Beginning January  
12 1, 2027, 340B covered entities shall not bill any medical  
13 assistance fee-for-service or medical assistance managed care  
14 programs under the Illinois Public Aid Code for 340B drugs,  
15 including, but not limited to, billing for any 340B drugs  
16 dispensed at a 340B contract pharmacy.

17 Section 15. Use of 340B profits.

18 (a) Beginning July 1, 2026, a 340B covered entity shall  
19 use 80% of 340B profits from the prior year to decrease at the  
20 point of sale, including at the 340B contract pharmacy, the  
21 out-of-pocket costs paid for 340B drugs that are dispensed or  
22 administered to low-income patients of the 340B covered  
23 entity.

24 (b) A 340B covered entity shall use any remaining 340B

1 profits, after spending 340B profits in accordance with  
2 subsection (a), on free and discounted care for low-income  
3 patients of the 340B covered entity.

4 Section 20. 340B drug discount program reporting.

5 (a) On or before September 1, 2026 and on or before  
6 September 1 of each year thereafter, each 340B covered entity  
7 shall annually report to the Department of Insurance, with  
8 respect to the 340B covered entity and separately for each  
9 offsite outpatient facility associated with the 340B covered  
10 entity, the following information about the prior year, in a  
11 form and manner determined by the Department:

12 (1) delineated by form of insurance or payor type,  
13 including, but not limited to, Medicaid, Medicare,  
14 commercial insurance, and uninsured:

15 (A) the aggregated acquisition cost paid for all  
16 340B drugs;

17 (B) the aggregated payments received by insurers  
18 or payors for all 340B drugs; and

19 (C) the total number of prescriptions and  
20 percentage of the 340B covered entity's prescriptions  
21 that were filled with 340B drugs;

22 (D) the percentage of patients served by a sliding  
23 fee scale for 340B drugs at the point of sale for  
24 patients with family incomes less than 200% of the  
25 Federal Poverty Guidelines;

1           (2) the total operating costs of the 340B covered  
2 entity and itemized costs for:

3           (A) implementing direct pass-through of 340B  
4 program discounts to patients in the form of lower  
5 cost sharing for 340B drugs at the point of dispensing  
6 or administration;

7           (B) implementing a sliding fee scale for 340B  
8 drugs at the point of sale for patients with family  
9 incomes less than 200% of the poverty guidelines  
10 updated periodically in the Federal Register by the  
11 U.S. Department of Health and Human Services under the  
12 authority of 42 U.S.C. 9902(2); and

13           (C) charity care;

14           (3) the total payments made to:

15           (A) 340B contract pharmacies for 340B  
16 program-related services and other functions;

17           (B) third-party administrators for managing any  
18 components of the 340B covered entity's 340B program;  
19 and

20           (C) any other third parties in connection with  
21 340B program-related compliance, legal, educational,  
22 or administrative costs;

23           (4) the total number of 340B contract pharmacies and:

24           (A) the number of 340B contract pharmacies located  
25 out-of-state and the states in which the out-of-state  
26 340B contract pharmacies are located;

1 (B) the total number of prescriptions and the  
2 percentage of the 340B covered entity's prescriptions  
3 that were filled at 340B contract pharmacies,  
4 delineated by in-state and out-of-state 340B contract  
5 pharmacies;

6 (C) the total remuneration paid to or retained by  
7 340B contract pharmacies or their affiliates for any  
8 340B program-related services performed on behalf of  
9 the 340B covered entity; and

10 (D) the percentage change in paragraph (3) of  
11 subsection (a) compared to the prior year.

12 (b) An officer of the 340B covered entity shall certify  
13 the completeness and accuracy of the report submitted pursuant  
14 to subsection (a).

15 (c) On or before December 31, 2026 and on or before  
16 December 31 of each year thereafter, the Department shall post  
17 all reports submitted by 340B covered entities pursuant to  
18 subsection (a) on a publicly accessible website.

19 Section 25. Employer study. On or before December 31,  
20 2026, the Department of Central Management Services shall  
21 submit a report to the General Assembly on any impact to the  
22 State employee health plan arising from 340B covered entity  
23 purchases, 340B contract pharmacy arrangements, and general  
24 practices related to 340B drugs, regardless of whether the  
25 340B drugs were self-administered or provider-administered.

1 The report shall include, but not be limited to, an analysis of  
2 foregone rebates, the impact on premiums, and the impact to  
3 State employee out-of-pocket costs.

4 Section 30. Medical assistance study.

5 (a) On or before December 31, 2026, the Department of  
6 Healthcare and Family Services shall report to the General  
7 Assembly on the following for total aggregated covered  
8 outpatient drug units dispensed or administered in the State  
9 for the prior calendar year in connection with the medical  
10 assistance program under the Illinois Public Aid Code, broken  
11 out by fee-for-service and by each managed care plan:

12 (1) the number of dispensed or administered covered  
13 outpatient drug units;

14 (2) the number of dispensed or administered covered  
15 outpatient drug units that were subject to a rebate under  
16 42 U.S.C. 1396r-8;

17 (3) the number of dispensed or administered covered  
18 outpatient drug units where for which pricing was obtained  
19 by the 340B covered entity and the number of units billed  
20 by 340B contract pharmacies; and

21 (4) the reasonable estimate of net costs or savings to  
22 the State's medical assistance program due to 340B covered  
23 entity purchases of covered outpatient drug units at 340B  
24 pricing.

25 (b) To the extent the Department lacks a required item

1 under subsection (a), the Department shall provide a  
2 reasonable estimate based on all available information and an  
3 explanation of the information that the Department lacks.

4 Section 35. Claims data. Nothing in this Act shall deny,  
5 restrict, or prohibit a manufacturer from requiring a 340B  
6 covered entity to provide claims information for the  
7 manufacturer's 340B drugs.

8 Section 99. Effective date. This Act takes effect upon  
9 becoming law.