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SENATE BILL NO. 278

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance and Appropriations
on February 11, 2026)

(Patron Prior to Substitute—Senator Srinivasan)

A *BILL to direct the Secretary of Health and Human Resources to convene a stakeholder work group to conduct a comprehensive evaluation of the impacts of the federal 340B Drug Pricing Program within the Commonwealth; report.*

Be it enacted by the General Assembly of Virginia:

1. § 1. *That the Secretary of Health and Human Resources (the Secretary), in consultation with the Department of Health Professions, the Board of Pharmacy, and the Department of Medical Assistance Services, shall convene a stakeholder work group to conduct a comprehensive evaluation of the impacts of the federal 340B Drug Pricing Program within the Commonwealth with emphasis on governance, transparency, and the availability of pharmacy services in rural and underserved communities. The work group shall include representatives from the Virginia Community Healthcare Association, the Virginia Hospital and Healthcare Association, the Virginia Society of Health-System Pharmacists, the Virginia Community Pharmacy Association, Federally Qualified Health Centers (FQHCs), Pharmaceutical Research and Manufacturers of America, the Virginia Biotechnology Association, the Virginia Association of Health Plans, the Virginia Association of Chain Drug Stores, the Virginia Pharmacists Association, and other stakeholders with relevant expertise in the administration, oversight, or compliance requirements of the federal 340B Drug Pricing Program.*

§ 2. *In conducting the evaluation, the work group shall review the following:*

1. *Federal statutory, regulatory, and guidance-based requirements applicable to 340B covered entities, pharmaceutical manufacturers, and contract pharmacies, including transparency, reporting, auditing, and compliance obligations administered by the U.S. Health Resources and Services Administration;*

2. *The number and location of covered entities as defined by the Public Health Services Act, 42 U.S.C. § 256b, in the Commonwealth;*

3. *The number and location of contract pharmacies in the Commonwealth and their association to a covered entity;*

4. *Transparency and governance requirements that could be adopted on the state level to ensure transparent and authorized conduct in accordance with the stated purpose of the 340B Drug Pricing Program, including mechanisms to prevent diversion of Medicaid patients and duplicate discounts between the 340B Drug Pricing Program and Medicaid;*

5. *The role of contract pharmacies within the 340B Drug Pricing Program in the Commonwealth, including their functions related to patient access to prescription drugs and care coordination;*

6. *Potential state-level actions to ensure revenue from the 340B Drug Pricing Program is used by covered entities and contract pharmacies in furtherance of the stated goals of improving care and access for low-income and uninsured patients;*

7. *The types of contractual arrangements between covered entities and contract pharmacies, including dispensing fees, administrative fees and payments, and financial practices;*

8. *Limitations that may be placed on the use and number of contract pharmacy arrangements utilized by covered entities, taking into consideration patient need, geographic access, provider type, and differences between urban, suburban, rural, and underserved areas of the Commonwealth. This assessment shall include analysis of the relationship between covered entities and contract pharmacies to ensure that such relationships support care for low-income and underserved individuals and provide sufficient transparency; and*

9. *The operational, administrative, and fiscal impact of any recommendations provided by the work group on covered entities, particularly safety-net providers and providers serving rural or underserved populations.*

§ 3. *The Secretary shall submit a report on the work group's findings and recommendations to the Chairs of the Senate Committees on Finance and Appropriations and Education and Health and the House Committees on Appropriations and Health and Human Services no later than November 1, 2026.*

SENATE SUBSTITUTE

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