



Legislative Updates as of 07/24/2026

Georgia Healthcare Oversight Committee Hearing

Executive Summary

The Georgia Healthcare Oversight Committee convened to evaluate growing concerns around the federal 340B Drug Pricing Program, pharmacy access, pharmaceutical manufacturer practices, and the role of pharmacy benefit managers (PBMs).

The hearing highlighted a fundamental tension across stakeholders:

- **Providers and pharmacies** argue that manufacturer restrictions and PBM practices are reducing patient access and threatening the financial viability of safety-net care.
- **Manufacturers** contend that the 340B program has expanded beyond its original intent and lacks sufficient transparency.
- **PBMs** maintain they are essential cost managers that generate savings but acknowledge ongoing transparency reforms.

At the center of the discussion is a key policy challenge:

How Georgia can balance affordability, access, and accountability across the drug supply chain—particularly for rural and vulnerable populations.

Key Policy Themes

1. 340B Program: Increasing Operational Pressure

The 340B program enables eligible providers to purchase outpatient drugs at discounted prices, using savings to support patient services. Testimony emphasized that:

- Safety-net providers rely heavily on 340B savings to fund essential services.
- The program is facing increasing constraints driven by manufacturer actions and policy ambiguity.



2. Manufacturer Restrictions on 340B

Contract Pharmacy Limitations

- Since 2020, ~40 manufacturers have imposed restrictions on contract pharmacy arrangements.
- Federal law does not clearly define allowable pharmacy networks, creating a regulatory gap.
- These restrictions disproportionately affect:
 - Rural patients
 - Providers without in-house pharmacies

Policy Consideration:

Proposed legislation (HB 139) seeks to preserve existing access by preventing manufacturers from restricting pharmacy participation.

Claims Data Requirements

Manufacturers are increasingly requiring detailed claims-level data beyond federal requirements.

Key Risks Identified:

- Administrative burden across pharmacy, IT, legal, and compliance teams
- Potential exposure of sensitive patient data (e.g., HIV, STD treatment)
- Strategic use of data by manufacturers to influence utilization

Litigation and Program Narrowing

Manufacturers are pursuing legal strategies to:

- Restrict patient eligibility definitions
- Challenge inclusion of certain provider types

Proposed Shift to Rebate Model

A major concern is a potential shift from:

- **Current:** Upfront drug discounts
- **Proposed:** Post-purchase rebate system



Implications:

- Transfers financial risk to providers
- Creates cash flow challenges
- Introduces payment delays and uncertainty

Impact on Providers and Patients

Safety-Net Providers (Case: Positive Impact Health Centers)

- Serves 12,000+ patients statewide
- Achieves ~92% HIV viral suppression (vs. 66% national, 57% Georgia)

Role of 340B Savings:

- Expands medication access (e.g., increases treated patients by ~60%)
- Funds wraparound services:
 - Transportation
 - Behavioral health
 - Housing support
 - Case management

Operational Concern:

- Rebate model and data requirements could divert resources away from patient care

Hospitals and Rural Health Systems

- 111 Georgia hospitals participate in 340B
- Many rural hospitals operate on 1–2% margins or negative margins

Potential Consequences of Reduced 340B Support:

- Elimination of service lines (e.g., oncology, labor & delivery)
- Reduced rural access
- Increased financial instability



Pharmacy Access and Market Dynamics

Independent Pharmacy Challenges

Access Gaps:

- 6 Georgia counties have no pharmacy
- 25% of counties have only one pharmacy

Impacts:

- Patients may travel 30–50 miles for medications
- Increased risk of “pharmacy deserts”

Contract Pharmacy Restrictions

- Limit patient ability to use local pharmacies
- Disrupt services such as:
 - Medication delivery
 - Adherence support
 - Personalized care

PBM Practices

Market Concentration

- Top 3 PBMs control ~80% of the market
- Top 6 control ~94%

Key Concerns Raised by Pharmacies:

- Below-cost reimbursement (e.g., reimbursing \$90 for a \$100 drug)
- Patient steering to mail-order pharmacies
- Lack of pricing transparency
- Vertical integration reducing competition



Patient Impact Example:

- A patient paid \$350 more after being redirected by a PBM

PBM Industry Perspective

PBMs emphasized their role in cost containment:

Stated Contributions:

- ~\$30 billion in savings for Georgia over 10 years
- ~\$1,100 in savings per patient

Core Functions:

- Drug price negotiation
- Rebate management
- Clinical safety checks

Policy Recommendations:

- Expand real-time drug pricing tools for providers
- Increase pharmacist scope of practice
- Encourage generic and biosimilar competition
- Improve supply chain transparency

Manufacturer Perspective (AbbVie)

Manufacturers expressed concern that:

- 340B has expanded beyond its original safety-net intent
- Program growth lacks sufficient accountability

Georgia Data (AbbVie):

- \$205M in 340B discounts (up 70% in 3 years)
- 92% of discounts go to hospitals



Key Argument:

- Financial incentives may discourage use of lower-cost alternatives (e.g., biosimilars)

Central Policy Tradeoffs



Stakeholder	Priority	Key Concern
Providers	Patient access, financial sustainability	Manufacturer restrictions, rebate model
Pharmacies	Fair reimbursement, patient choice	PBM practices, network restrictions
PBMs	Cost control	Need for continued flexibility
Manufacturers	Program integrity	Lack of transparency, over-expansion

Strategic Considerations for Policymakers

1. Protecting Patient Access

- Ensure rural and underserved populations maintain access to local pharmacies and providers

2. Financial Stability of Safety-Net Providers

- Evaluate risks of rebate models and delayed reimbursement structures

3. Transparency Across the Supply Chain

- Address opacity in:
 - PBM pricing and reimbursement
 - Manufacturer discount practices
 - 340B fund utilization



4. Regulatory Clarity

- Define allowable contract pharmacy arrangements
- Standardize claims data requirements

Legislative Outlook

Near-Term Actions:

- Consideration of HB 139 (contract pharmacy protections)
- Expanded committee hearings and audits
- Deeper review of PBM and manufacturer practices

Long-Term Focus:

- Balancing affordability with sustainability
- Aligning incentives across stakeholders

Ensuring equitable healthcare access statewide

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