

AMENDMENT TO SUBTITLE J
OFFERED BY M__ . _____

Part 5 of the committee print is amended by adding
at the end the following:

1 **SEC. 31066. LIMITATION ON PRICES OF DRUGS PURCHASED**
2 **BY COVERED ENTITIES UNDER SECTION 340B**
3 **OF THE PUBLIC HEALTH SERVICE ACT.**

4 Section 340B(a)(5) of the Public Health Service Act
5 (42 U.S.C. 256b) is amended by adding at the end the
6 following:

7 “(E) ADDITIONAL SANCTION FOR NONCOMPLI-
8 ANCE.—If the Secretary finds, after audit as de-
9 scribed in subparagraph (C) and after notice and
10 hearing, that a covered entity is in violation of a re-
11 quirement described in subparagraph (A) or (B), the
12 covered entity shall be liable to the State *[how do*
13 *you want to specify which State receives a payment?*

14 *it's clearer with respect to a violation of subpara-*
15 *graph (A), less so w/r/t a violation of subparagraph*
16 *(B). in which the covered entity is located*]/*[from*
17 which payment is sought under subparagraph (A),
18 or in the case of a violation of subparagraph (B),
19 each State to which a covered outpatient drug was

1 resold or otherwise transferred】 in an amount equal
2 to 【the average total rebate required under section
3 1927(c) of the Social Security Act with respect to
4 the drug (for a unit of the dosage form and strength
5 involved) during the preceding calendar quarter】
6 *【This is copied from subsection (a)(2). Does this ac-
7 curately capture the amount of the penalty you're
8 after?】*”.

