To amend the Public Health Service Act to raise the minimum disproportionate share adjustment percentage required of certain hospitals as a condition of qualifying for the 340B drug discount program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. Barton introduced the following bill; which was referred to the Committee on

A BILL

To amend the Public Health Service Act to raise the minimum disproportionate share adjustment percentage required of certain hospitals as a condition of qualifying for the 340B drug discount program, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 SECTION 1. SHORT TITLE.
4 This Act may be cited as the “Protecting Safety-Net
5 340B Hospitals Act”.


SEC. 2. MINIMUM DISPROPORTIONATE SHARE ADJUSTMENT PERCENTAGE REQUIRED OF CERTAIN HOSPITALS UNDER 340B DRUG DISCOUNT PROGRAM.

(a) In general.—Section 340B(a)(4)(L)(ii) of the Public Health Service Act (42 U.S.C. 256b(a)(4)(L)(ii)) is amended by striking “11.75 percent” and inserting “18 percent”.

(b) Conforming Amendment.—Section 340B(a)(4)(M) of the Public Health Service Act (42 U.S.C. 256b(a)(4)(M)) is amended by striking “that would meet the requirements of subparagraph (L),” and all that follows through “as defined by section 1886(d)(1)(B) of the Social Security Act.” and inserting the following: “that—

“(i) meets the requirements of clauses (i) and (iii) of subparagraph (L); and

“(ii) for the most recent cost reporting period that ended before the calendar quarter involved, had a disproportionate share adjustment percentage (as determined under section 1886(d)(5)(F) of the Social Security Act) greater than 11.75 percent or was described in section 1886(d)(5)(F)(i)(II) of such Act.”.
(c) APPLICABILITY.—The amendments made by this section shall apply with respect to calendar quarters beginning on or after January 1, 2020.

SEC. 3. INCREASED DISCOUNT FOR CERTAIN COVERED ENTITIES UNDER 340B DRUG DISCOUNT PROGRAM.

Section 340B(a)(2) of the Public Health Service Act (42 U.S.C. 256b(a)(2)) is amended—

(1) in subparagraph (A), by striking “For a covered outpatient drug” and inserting “Subject to subparagraphs (B) and (C), for a covered outpatient drug”; and

(2) by adding at the end the following new subparagraph:

“(C) DRUGS PURCHASED BY CERTAIN COVERED ENTITIES.—In the case of a covered outpatient drug purchased by a covered entity (other than a covered entity described in subparagraph (L) or (N) of paragraph (4)) in a calendar quarter beginning on or after January 1, 2020, the rebate percentage otherwise determined under subparagraph (A) for such drug shall be increased by \(\frac{\text{five percent}}{\text{five percentage points}}\).”.