



# Senate

General Assembly

**File No. 344**

February Session, 2006

Substitute Senate Bill No. 648

*Senate, April 4, 2006*

The Committee on Public Health reported through SEN. MURPHY of the 16th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING FUNDING FOR FEDERALLY QUALIFIED HEALTH CENTERS TO ESTABLISH OR EXPAND AFFORDABLE PHARMACEUTICAL DRUG PROGRAMS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) The Department of Social  
2 Services shall permit any federally qualified health center that has  
3 received or receives any funds from the department for the purpose of  
4 establishing an affordable pharmaceutical drug program for qualified  
5 low income patients pursuant to Section 340B of the Public Health  
6 Services Act, as amended from time to time, or expanding an existing  
7 pharmaceutical drug program to include qualified low income patients  
8 in accordance with said Section 340B, to use such funds for  
9 administrative, operational and capital costs associated with the  
10 establishment or expansion of such pharmaceutical drug program.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
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*PH*      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

This bill requires the Department of Social Services (DSS) to allow any Federally Qualified Health Center that has received DSS funds to establish certain drug programs to use these funds for administrative, operational and capital costs associated with the programs. As this bill does not alter the amounts of any such funds distributed, no fiscal impact to the state is anticipated.

***The Out Years***

There is no fiscal impact in the out years.

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**OLR Bill Analysis**  
**sSB 648**

***AN ACT CONCERNING FUNDING FOR FEDERALLY QUALIFIED HEALTH CENTERS TO ESTABLISH OR EXPAND AFFORDABLE PHARMACEUTICAL DRUG PROGRAMS.***

**SUMMARY:**

This bill gives federally qualified health centers (FQHCs) the authority to use certain state funding for various costs associated with pharmaceutical drug programs for low-income patients.

The bill expands the purposes for which FQHCs can use certain Department of Social Services (DSS) funds. Under the bill, if the FQHC has or is getting DSS funds to (1) establish a “§ 340B” affordable pharmaceutical drug program for qualified low-income patients or (2) expand an existing drug program to include qualified low-income patients according to “§ 340B,” DSS must allow it to use the funds for administrative, operational, and capital costs for establishing or expanding the program.

EFFECTIVE DATE: Upon passage

**BACKGROUND**

***FQHCs***

FQHCs are community health centers that receive federal funding and meet specific federal criteria, including those governing the services they provide. Federal law allows certain entities, such as FQHCs, to purchase drugs at discounted prices by creating an in-house pharmacy or contracting with a retail pharmacy.

***§ 340B Drug Program***

Section 340B of the federal Public Health Services Act requires drug

manufacturers to enter into agreements with the U.S. Department of Health and Human Services to provide outpatient drugs to covered entities at discounted prices. It specifically includes FQHCs as covered entities. Generally, the discounted prices are at least as good as the prices paid by state Medicaid agencies. An FQHC must adhere to certain requirements to receive the discounted pricing. It must be the purchaser and owner of the covered drugs and dispense these drugs only to patients of the health center.

Most FQHCs with their own licensed in-house pharmacy purchase drugs at these discounted prices. Other FQHCs that do not operate in-house pharmacies purchase drugs at these prices through contractual agreements with retail pharmacies.

**COMMITTEE ACTION**

Public Health Committee

Joint Favorable Substitute

Yea 23    Nay 0    (03/17/2006)