Senate

General Assembly

File No. 483

February Session, 2026

Substitute Senate Bill No. 494

Senate, April 7, 2026

The Committee on Human Services reported through SEN. LESSER of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING PRESCRIPTION DRUG SHORTAGES, PRESCRIPTION DRUG REBATES AND PROHIBITED MANUFACTURER PRACTICES CONCERNING CERTAIN PRESCRIPTION DRUGS.

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

Section 1. Section 28-33 of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) There is established a task force to study emergency preparedness and mitigation strategies for prescription drug shortages. The task force shall identify prescription drugs at risk of shortage in this state and make recommendations pursuant to subsection (g) of this section.

(b) The task force shall consist of the following members:

(1) Two appointed by the speaker of the House of Representatives, one of whom has expertise in prescription drug supply chains and one of whom has expertise in federal law concerning prescription drug

shortages;

(2) Two appointed by the president pro tempore of the Senate, one of whom represents hospitals and one of whom represents health care providers who treat patients with rare diseases;

(3) One appointed by the majority leader of the House of Representatives, who represents one of the two federally recognized Indian tribes in the state;

(4) One appointed by the majority leader of the Senate, who represents one of the two federally recognized Indian tribes in the state;

(5) One appointed by the minority leader of the House of Representatives, who represents health insurance companies;

(6) One appointed by the minority leader of the Senate, who is a representative of the Connecticut Health Insurance Exchange;

(7) The Commissioner of Health Strategy, or the commissioner's designee;

(8) The Commissioner of Consumer Protection, or the commissioner's designee;

(9) The Commissioner of Social Services, or the commissioner's designee;

(10) The Commissioner of Public Health, or the commissioner's designee;

(11) The chief executive officer of The University of Connecticut Health Center, or the chief executive officer's designee;

(12) The Insurance Commissioner, or the commissioner's designee;

(13) The Commissioner of Economic and Community Development, or the commissioner's designee; **[**and**]**

(14) The House chairperson and Senate chairperson of the joint

standing committee of the General Assembly having cognizance of matters relating to human services, who shall serve as chairpersons of the task force; and

[(14)**]** (15) Any other members as deemed necessary by the chairpersons of the task force.

(c) Task force members appointed pursuant to subdivisions (1) to (6), inclusive, and (15) of subsection (b) of this section shall serve two-year terms. Subsequent appointments shall be made on a staggered basis, with members subsequently appointed pursuant to subdivisions (1) to (3), inclusive, and (15) of subsection (b) of this section appointed to two-year terms and members subsequently appointed pursuant to subdivisions (4) to (6), inclusive, of said subsection appointed to three-year terms. Terms for members appointed pursuant to subdivisions (7) to (14), inclusive, of said subsection shall be coterminous with their terms in office. Any member of the task force appointed under subdivision (1), (2), (3), (4), (5), **[**or**]** (6) or (15) of subsection (b) of this section may be a member of the General Assembly.

(d) All initial appointments to the task force shall be made not later than **[**thirty days after July 8, 2025**]** August 1, 2026. Any vacancy shall be filled by the appointing authority.

(e) The **[**speaker of the House of Representatives and the president pro tempore of the Senate shall select the chairpersons of the task force from among the members of the task force. Such**]** chairpersons of the task force shall schedule the first meeting of the task force, which shall be held not later than **[**sixty days after July 8, 2025**]** September 1, 2026.

(f) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to **[**general law**]** human services shall serve as administrative staff of the task force.

(g) Not later than January 1, **[**2026**]** 2027, and annually thereafter, the task force shall submit a report on its findings and recommendations to the joint standing committees of the General Assembly having

cognizance of matters relating to general law, human services, insurance and real estate and public health, in accordance with the provisions of section 11-4a. **[**, including, but not**]** The report shall include, but need not be limited to, identification of prescription drugs the task force determines are at risk of shortage and strategies that would mitigate these shortages, including methods to increase in-state production of such drugs deemed both at risk of shortage and critically necessary for the provision of health care within the state.

Sec. 2. (NEW) (*Effective July 1, 2026*) (a) As used in this section, "Strategic Supply Chain Initiative" means a program administered by the Department of Economic and Community Development to help state-based companies to increase their production capacity to win new business and attract out-of-state and international supply chain operations.

(b) The Commissioner of Economic and Community Development shall expand the Strategic Supply Chain Initiative to include efforts to prevent or mitigate prescription drug shortages, including, but not limited to, incorporating recommendations to prevent or mitigate prescription drug shortages by the task force established pursuant to section 28-33 of the general statutes, as amended by this act.

Sec. 3. Section 17b-491c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(a) On and after February 1, 2008, any pharmaceutical manufacturer of a prescription drug covered by the Department of Social Services under a state medical assistance program administered by the department that is a federally qualified state pharmacy assistance program shall provide rebates to the department for prescription drugs paid for by the department under such program in unit rebate amounts equal to the unit rebate amounts paid under the Medicaid program.

(b) On and after February 1, 2008, any pharmaceutical manufacturer of a prescription drug covered by the department under a state medical assistance program that is not a federally qualified state pharmacy

assistance program shall provide rebates to the department. The unit rebate amount shall be calculated as follows: (1) For noninnovator multiple source drugs, the average manufacturer's price multiplied by eleven per cent, and (2) for single source or innovator drugs, the greater of the average manufacturer's price multiplied by fifteen and one-tenth per cent or the average manufacturer's price minus best price. In the event the calculated rebate would establish a new Medicaid best price, the unit rebate amount will be capped at the average manufacturer's price minus best price.

(c) The department may enter into contracts for supplemental rebates for drugs that are on a preferred drug list or formulary established by the department. On and after July 1, 2026, the department shall develop and implement a plan to increase the number of such supplemental rebates by not less than twenty per cent.

(d) Pharmaceutical manufacturers shall submit written confirmation of participation on a form prescribed by the Commissioner of Social Services, that states the terms of participation, including, but not limited to, the process by which a manufacturer may discontinue participation. The department shall provide advance notice to participating manufacturers if a new pharmacy assistance program is established and shall provide the manufacturers with the opportunity to discontinue participation. The department shall promptly notify participating manufacturers if a state pharmacy assistance program becomes disqualified. If a program becomes disqualified and a manufacturer has paid rebates at the rate for a qualified program, the department shall reimburse the manufacturer the amount overpaid as a result of disqualification.

(e) A manufacturer shall not be required to provide a rebate for a prescription drug that is new to the marketplace until the quarter in which the manufacturer has established a Medicaid best price for the product.

(f) No payment shall be made by the department for the prescription drugs of a manufacturer that does not provide rebates to the department

pursuant to this section unless a specific drug is determined by the department to be medically necessary for an individual client.

(g) Not later than January fifteenth annually, the Commissioner of Social Services shall file a report, in accordance with the provisions of section 11-4a, with the joint standing committee of the General Assembly having cognizance of matters relating to human services on (1) the number of prescription rebates received the previous calendar year, (2) any increase or decrease in such rebates from the previous calendar year, (3) the number of supplemental rebates negotiated by the commissioner pursuant to subsection (c) of this section, and (4) any increase or decrease in such rebates from the previous calendar year.

Sec. 4. (NEW) (*Effective from passage*) As used in this section and section 5 of this act:

(1) "340B drug" means a drug that (A) is a covered outpatient drug within the meaning of 42 USC 256b; (B) has been subject to any offer for reduced prices by a manufacturer under 42 USC 256b(a)(1); and (C) is purchased by a covered entity. "340B drug" includes a drug that would have been purchased but for the restriction or limitation described in subsection (a) of section 5 of this act;

(2) "Biologic" has the same meaning as provided in section 21a-70d of the general statutes;

(3) "Covered entity" means The University of Connecticut Health Center, a federally qualified health center, a family planning clinic and a Ryan White clinic;

(4) "Manufacturer" has the same meaning as provided in section 21a-70 of the general statutes. "Manufacturer" includes manufacturers of biologics;

(5) "Package" has the same meaning as provided in 21 USC 360eee(11)(A); and

(6) "Pharmacy" has the same meaning as provided in section 20-571

of the general statutes.

Sec. 5. (NEW) (*Effective from passage*) (a) A manufacturer, or an agent or affiliate of such manufacturer, shall not, either directly or indirectly:

(1) Deny, restrict, prohibit, discriminate against or otherwise limit the acquisition of a 340B drug by, or delivery of a 340B drug to, a pharmacy that is under contract with, or otherwise authorized by, a covered entity to receive 340B drugs on behalf of the covered entity unless such receipt is prohibited under federal law; or

(2) Require a covered entity, or a pharmacy that is under contract with a covered entity, to submit any claims or utilization data as a condition for allowing the acquisition of a 340B drug by, or delivery of a 340B drug to, a covered entity, or a pharmacy that is under contract with a covered entity, unless the claims or utilization data sharing is required by the United States Department of Health and Human Services.

(b) (1) On and after July 1, 2026, if the Commissioner of Consumer Protection receives information and has a reasonable belief, after evaluating such information, that any manufacturer, or an agent or affiliate of such manufacturer, has acted in violation of any provision of this section or regulation adopted thereunder, such manufacturer, or an agent or affiliate of such manufacturer, shall be subject to a civil penalty of not more than fifty thousand dollars for each violation. The commissioner shall issue a notice of violation and civil penalty and may issue such notice by first-class mail or personal service. Such notice shall include: (A) A reference to the section of the general statutes or regulation of Connecticut state agencies believed or alleged to have been violated; (B) a short and plain-language statement of the matters asserted or charged; (C) a description of the activity to cease; (D) a statement of the amount of the civil penalty or penalties that may be imposed; (E) a statement concerning the right to a hearing; and (F) a statement that such manufacturer, or an agent or affiliate of such manufacturer, may, not later than ten business days after receipt of such notice, make a request for a hearing on the matters asserted.

(2) The manufacturer, or an agent or affiliate of such manufacturer, to whom such notice is provided pursuant to subparagraph (A) of subdivision (1) of this subsection may, not later than ten business days after receipt of such notice, make written application to the Department of Consumer Protection to request a hearing to demonstrate that such violation did not occur. The failure to make a timely request for a hearing shall result in the issuance of a cease and desist order or imposition of a civil penalty by the department. All hearings held under this subsection shall be conducted in accordance with the provisions for contested cases under chapter 54 of the general statutes.

(3) Following any hearing before the Department of Consumer Protection pursuant to subdivision (2) of this subsection, if the department finds, by a preponderance of the evidence, that any manufacturer, or an agent or affiliate of such manufacturer, violated or is violating any provision of this subsection, any regulation adopted thereunder or any order issued by the department, the department shall issue a final cease and desist order in addition to any civil penalty the department imposes.

(c) Nothing in this section shall be construed or applied to be in conflict with or less restrictive than:

(1) Applicable federal law and related regulations, including 21 USC 355-1, as amended from time to time; or

(2) Other laws of this state to the extent such laws are compatible with applicable federal law.

(d) The Commissioner of Consumer Protection shall adopt regulations in accordance with the provisions of chapter 54 of the general statutes to implement the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage*	28-33
Sec. 2	*July 1, 2026*	New section

Sec. 3	*July 1, 2026*	17b-491c
Sec. 4	*from passage*	New section
Sec. 5	*from passage*	New section

Statement of Legislative Commissioners:
The title was changed, and in Section 4(4), the definition of "manufacturer" was rewritten for consistency with standard drafting conventions.

HS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 $	FY 28 $
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below
Social Services, Dept.	GF - Potential Savings	See Below	See Below
Consumer Protection, Dept.	GF - Cost	199,182	195,182
State Comptroller - Fringe Benefits[1]	GF - Cost	79,166	79,166
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below
UConn Health Ctr.	Other Funds - Potential Savings	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes regarding prescription drugs resulting in the impacts described below.

Section 1 has no fiscal impact by modifying the membership of a task force to study emergency preparedness and mitigation strategies for prescription drug shortages.

Section 2 expands the Strategic Supply Chain Initiative program, which is funded by General Obligation (GO) bond funds, to include

[1]The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

efforts to prevent or mitigate prescription drug shortages.

Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to be expended more rapidly than they otherwise would have been. To date, the State Bond Commission allocated $49.5 million in total bond funds to the Strategic Supply Chain Initiative program.[2] The bill does not change GO bond authorizations relevant to the program.

Section 3 requires the Department of Social Services (DSS) to develop and implement a plan to increase the number of supplemental rebates for drugs on the preferred drug list or formulary by at least 20%. To the extent DSS is able to achieve higher rebate levels, DSS will experience related pharmacy savings.

Sections 4 – 5 require the Department of Consumer Protection (DCP) to regulate the 340B marketplace resulting in a cost to the state. DCP does not currently regulate this marketplace or have the expertise to do so and will have to hire two employees to meet the requirements of the bill. DCP will need to hire one drug control agent and one staff attorney for a salary and other expenses cost of $199,182 in FY 27 and $195,182 in FY 28, along with associated fringe benefit costs of $79,166 per year.

These sections also create a civil penalty of $50,000 for every violation resulting in a potential revenue gain to the state to the extent that violations occur.

Sections 4 – 5 also result in a potential savings to UConn Health Center (UCHC) annually beginning in FY 27. The sections restrict the ability of prescription drug manufacturers to limit the purchasing of 340B drugs by covered entities, which includes UCHC. Any savings will vary based on any increase in the purchase of 340B drugs that occurs due to the bill. From 2024 to 2025, UCHC incurred approximately $8 million in unrealized savings due to 340B drug purchasing limits

[2] The State Bond Commission reallocated funding from the Manufacturing Assistance Act program towards the Strategic Supply Chain Initiative at the August 2025 and December 2025 meetings.

imposed by prescription drug manufacturers, and which the bill restricts.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to employee wage increases, the number of violations, and inflation.

OLR Bill Analysis

sSB 494

AN ACT CONCERNING PRESCRIPTION DRUG SHORTAGES, PRESCRIPTION DRUG REBATES AND PROHIBITED MANUFACTURER PRACTICES CONCERNING CERTAIN PRESCRIPTION DRUGS.

SUMMARY

This bill makes several changes in laws related to prescription drug prices and prescription drug shortages.

Existing law authorizes the Department of Social Services (DSS) to enter contracts for supplemental rebates for drugs on the department's preferred drug list or formulary. The bill requires DSS to develop and implement a plan, starting July 1, 2026, to increase the number of supplemental rebates by at least 20% and sets a related reporting requirement.

Existing law establishes an ongoing task force to study emergency preparedness and mitigation strategies for prescription drug shortages. The bill adds the Human Services Committee chairpersons to the task force and makes them the task force's chairpersons. Among other things, it sets requirements for member terms and new deadlines to appoint members and meet.

The bill requires the Department of Economic and Community Development (DECD) to expand the Strategic Supply Chain Initiative to include efforts to prevent or mitigate prescription drug shortages.

The bill also generally prohibits drug manufacturers from (1) limiting access to 340B drugs (see below) for pharmacies contracting with covered entities or (2) requiring pharmacies or covered entities to submit claims or utilization data as a condition for receiving 340B drugs. It also establishes a hearing process and penalties for violators.

EFFECTIVE DATE: Upon passage, except provisions on the Strategic Supply Chain Initiative and supplemental rebates are effective July 1, 2026.

§ 3 — SUPPLEMENTAL REBATES

The federal Medicaid Drug Rebate Program requires a drug manufacturer to enter into a rebate agreement in exchange for Medicaid coverage of most of the manufacturer's drugs. States may negotiate with drug manufacturers for supplemental rebates in addition to federal rebates.

Starting July 1, 2026, the bill requires DSS to develop and implement a plan to increase the number of supplemental rebates by at least 20%. It also requires DSS to report to the Human Services Committee annually by January 15 on the number of (1) prescription rebates received the previous calendar year and any increase or decrease from the prior calendar year and (2) supplemental rebates negotiated by DSS and any increase or decrease from the prior calendar year.

§ 1 — TASK FORCE ON PRESCRIPTION DRUG SHORTAGES

Under current law, the House speaker and Senate president pro tempore select the taskforce's chairpersons. The bill adds the Human Services Committee chairpersons to the task force and makes them the taskforce's chairpersons. It changes responsibility for administrative staffing for the task force from the General Law Committee to the Human Services Committee.

Existing law requires legislative leaders to appoint eight task force members and allows the task force's chairpersons to appoint more members as they find necessary (in addition to certain ex-officio members). Under the bill, these appointed members have two-year terms, but subsequent appointments are made on a staggered basis, as follows:

1. two-year terms for members appointed by the House Speaker, Senate president pro tempore, House majority leader, and the Human Services Committee chairpersons; and

2. three-year terms for members appointed by the Senate majority leader, House minority leader, and Senate minority leader.

Under the bill, all initial appointments must be made by August 1, 2026, and the task force must hold its first meeting by September 1, 2026. Its annual report is due January 1, 2027, to the General Law, Human Services, and Insurance and Real Estate, and Public Health committees.

§ 2 — STRATEGIC SUPPLY CHAIN INITIATIVE

The bill requires the DECD commissioner to expand the department's Strategic Supply Chain Initiative to include efforts to prevent or mitigate prescription drug shortages, including task force recommendations (see above).

Under the bill, this initiative is a DECD-administered program to help state-based companies increase their production capacity to win new business and attract out-of-state and international supply chain operations.

§§ 4 & 5 — 340B PROGRAM

Section 340B of the federal Public Health Service Act (the 340B Drug Pricing Program) requires drug manufacturers participating in Medicaid to sell certain outpatient prescription drugs at discounted prices to health care organizations that care for uninsured and low-income patients. Pharmacies may contract with 340B-participating healthcare organizations to also purchase reduced-price outpatient drugs.

The bill prohibits drug manufacturers (including biologics manufacturers), and their agents or affiliates, from directly or indirectly taking any of the following actions:

1. denying or limiting access to 340B drugs for a pharmacy contracting or otherwise working with a covered entity (see below) to obtain them on the entity's behalf, unless the pharmacy's receipt of a drug is federally prohibited, or

2. requiring a covered entity, or pharmacy contracted with a covered entity, to submit claims or utilization data as a condition for acquiring a 340B drug, unless the claims or data sharing is federally required.

For these restrictions, "covered entities" are the UConn Health Center, federally qualified health centers, family planning clinics, and Ryan White clinics (clinics that receive specified HIV and AIDS-related federal funding). (Federal law allows other organizations to participate in the 340B program, such as hospitals that serve a disproportionate number of low-income patients.)

Also, under these provisions, 340B drugs are those that a covered entity (1) purchases under the program and that are subject to the program's pricing requirements or (2) would purchase except for the prohibited conduct.

The bill subjects violators to civil penalties (see below). It also requires the Department of Consumer Protection (DCP) commissioner to adopt implementing regulations.

The bill specifies that its 340B provisions must not be applied in a way that conflicts with, or is less restrictive than, applicable state and federal laws (including the federal law on drug risk evaluation and mitigation strategies (REMSs); see BACKGROUND).

Violations

Beginning July 1, 2026, the bill subjects drug manufacturers (or their agents or affiliates) to a civil penalty of up to $50,000 per violation if the DCP commissioner has a reasonable belief, based on received information, that they have violated these provisions or regulations.

The commissioner must issue the violation notice by first-class mail or personal service, and it must include:

1. a reference to the law or regulation that has allegedly been violated;

2. a short and plain language statement of the matter;

3. a description of the activity to cease;

4. the penalty amount that may be imposed; and

5. an explanation of the right to request, in writing to DCP, a hearing within 10 business days after receiving the notice.

Under the bill, DCP must hold requested hearings as contested case hearings under the Uniform Administrative Procedure Act (UAPA). If after a hearing, DCP finds by a preponderance of the evidence that there was a violation or that the entity violated any DCP order, the department must issue a final cease and desist order in addition to any civil penalty imposed.

If the manufacturer, agent, or affiliate does not timely request a hearing, DCP must issue a cease and desist order or impose a civil penalty.

BACKGROUND

REMS

Federal law authorizes the FDA to require a drug safety program (called "REMS") for certain prescription medications with serious safety concerns to ensure that the medications are used safely and the risks of serious or life-threatening side effects are minimized for patients, pharmacies, and providers (21 U.S.C. § 355-1).

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute
Yea 15 Nay 8 (03/19/2026)