

Drug Trade Group Lobs Latest Challenge to Tennessee Pharmacy Law

May 23, 2025 12:06PM ET
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The pharmaceutical industry lobby filed the latest in a slew of challenges against a Tennessee law regulating how drug companies contract with pharmacies in the state.

The Pharmaceutical Research and Manufacturers of America, a key trade group representing the interest of companies including [Eli Lilly & Co.](#), [Novo Nordisk A/S](#), and [Merck & Co.](#), filed a [lawsuit](#) Thursday in the US District Court for the Middle District of Tennessee alleging a Tennessee contract pharmacy law violates the Constitution's supremacy clause because it attempts to "rewrite the terms" of the federal 340B drug discount program.

Under the 340B program, drugmakers are required to discount drugs for covered entities, such as qualifying hospitals, clinics, and providers, that treat a disproportionate number of low-income and uninsured patients. States have taken aim in recent years at manufacturers that have moved to restrict deliveries to some types of pharmacies under the program.

One such law is Tennessee's recently passed [SB 1414](#), which prohibits drug manufacturers from imposing restrictions or prohibitions on, discriminating against, or otherwise limiting the acquisition of 340B-priced drugs to any contract pharmacy authorized by a 340B-covered entity to receive drugs on its behalf.

PHRMA alleges this requirement to transfer its federally required discounted pharmaceutical products to certain commercial pharmacies or risk criminal penalties violates drugmakers' constitutional protections.

"The law explicitly prohibits manufacturers from undertaking several actions that are fully permissible under federal law and that can be imposed as conditions as part of the manufacturers' offer of 340B-priced drugs," the lawsuit wrote.

“This type of meddling in a purely federal program is preempted. As one court has already held, laws that wrest enforcement control over the federal program from the federal government by imposing a state enforcement regime and that preclude collection of claims data violate the supremacy clause,” it added.

The state law also violates the Constitution’s dormant commerce and due process clauses because it “directly regulates wholly out-of-state transactions,” according to the complaint.

Thursday’s lawsuit follows a [similar challenge](#) filed earlier this month by pharmaceutical giant [AbbVie Inc.](#), which argued the supremacy clause “leaves no role for states or other third parties to change the requirements of the federal 340B program or the conditions it imposes on manufacturers in return for participating in Medicaid.”

Similar contract pharmacy laws in Nebraska, North Dakota, South Dakota, and Utah have also [faced lawsuits](#) from AbbVie for related reasons.

PhRMA asks the court to permanently enjoin Tennessee from enforcing the law. It also asks for an order and judgment declaring that SB 1414 is unconstitutional and violates federal law.

Lewis Thomason PC represents the plaintiffs.

The case is [***Pharmaceutical Research and Manufacturers of America v. Skrmetti***](#), M.D. Tenn., No. 3:25-cv-00582, complaint 5/22/25.