

Federal Appeals Court Rejects Two More Drugmaker Challenges to Mississippi's 340B Contract Pharmacy Access Law

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A New Orleans federal appeals court on Thursday rejected two more manufacturer challenges to Mississippi's 340B contract pharmacy access law, handing states another win less than two weeks after a separate appellate court granted drugmakers their first legal victory.

A three-judge panel for the U.S. 5th Circuit Court of Appeals on April 9 unanimously upheld two lower court rulings denying Swiss drugmaker Novartis and trade group Pharmaceutical Research and Manufacturers of America's (PhRMA) bids to block enforcement of Mississippi's law, allowing the state to continue enforcing its 340B contract pharmacy statute while the case proceeds at the district court level.

The 5th Circuit found that Mississippi's statute "does not stand as an obstacle to Section 340B's objectives," and that Novartis and PhRMA "failed to show a likelihood of success" on their claims that the law is unconstitutional. The decisions repeatedly relied on the 5th Circuit's September 2025 ruling that similarly rejected AbbVie's challenge to Mississippi's law.

Judges Carolyn King, an appointee of former President Jimmy Carter; James Ho, an appointee of President Donald Trump; and Irma Ramirez, an appointee of former President Joe Biden, issued both decisions.

Why It Matters

The decision added to a growing list of appellate court wins for state 340B contract pharmacy access laws, but it came 10 days after the first federal appeals court sided with drugmakers on the issue. Legal experts previously told 340B Report that a "circuit split," in which federal appeals courts reach different conclusions on the same issue, could increase the likelihood that the U.S. Supreme Court will take up the issue.

In addition to rejecting AbbVie, Novartis and PhRMA's challenges to Mississippi's law, the 5th Circuit on Feb. 9 also upheld Louisiana's contract pharmacy access law against lawsuits from AbbVie, AstraZeneca PhRMA. The U.S. 8th Circuit Court of Appeals similarly upheld Arkansas' contract pharmacy access law against a PhRMA challenge in March 2024.

However, the U.S. 4th Circuit Court of Appeals on March 31 became the first federal appeals court to side with drugmakers on the issue, affirming a preliminary injunction that blocked enforcement of West Virginia's 340B contract pharmacy access law.

Background

Mississippi became the fourth state in the nation to enact a contract pharmacy access law in April 2024. AbbVie, AstraZeneca, Novartis and PhRMA all filed federal lawsuits to block it.

U.S. Judge Halil Ozerden for the Southern District of Mississippi in July 2024 rejected Novartis and PhRMA's motions for preliminary injunction against the law. Ozerden then denied AbbVie's motion for a preliminary injunction, and a different Mississippi federal district judge denied AstraZeneca's motion. AbbVie, Novartis and PhRMA each appealed those rulings to the 5th Circuit in July 2024.