Drugmakers Lose Effort to Block Washington Pharmacy Law

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Summary by Bloomberg AI

- A Washington law regulating how drug companies contract with pharmacies under the federal 340B drug discount program is going into effect after a US District Court denied requests for a preliminary injunction.
- The law, S.B. 5981, prohibits manufacturers from imposing limitations on a pharmacy's participation in the 340B program and bars them from restricting pharmacies' acquisition of federally discounted drugs.
- The district court rejected the argument that the law violates the Constitution's Supremacy Clause, deciding that the 340B statute leaves room for states to regulate how drugs are delivered under the program.

A drug industry coalition lost its bid to block a Washington law going into effect Wednesday that regulates how drug companies contract with pharmacies in the state under the federal drug discount program.

The US District Court for the Western District of Washington on Tuesday **denied** requests from AbbVie Inc., AstraZeneca PLC, Novartis AG, and the Pharmaceutical Research and Manufacturers of America seeking a preliminary injunction blocking enforcement of the state's S.B. 5981, a law that prohibits manufacturers from imposing limitations on a pharmacy's participation in the federal 340B drug discount program.

Under the 340B program, drugmakers are required to provide discounted drugs for covered entities, such as qualifying hospitals, clinics, and providers, that treat a disproportionate number of low-income and uninsured patients. States like Washington have enacted laws that prevent manufacturers from restricting deliveries to some types of pharmacies under the program.

Washington’s S.B. 5981, passed in March and taking effect June 11, bars manufacturers from restricting pharmacies’ acquisition of federally discounted drugs under the 340B program. Drug makers sued to block the law, alleging it violates the Constitution’s Supremacy Clause because it attempts to regulate a relationship between a private party and the federal government that is governed exclusively by federal law.

The district court rejected that argument, deciding the 340B statute left room for states to regulate how drugs are delivered under the program.

“SB 5981 does not seek to regulate the relationship” between manufacturers and the US Health Resources and Services Administration, Judge David Estudillo wrote. “That relationship is governed by § 340B itself” and the pharmaceutical pricing agreement executed between them. “The only relationship affected is the delivery relationship between a covered entity and a manufacturer—a relationship § 340B is silent about.”

“In short, the Court concludes that SB 5981 does not attempt to regulate or intervene in a relationship that ‘originates from, is governed by, and terminates according to federal law,’” he added.

The loss is just the latest for drugmakers challenging similar state laws. AbbVie last week was similarly unable to block Mississippi’s law.

Hogan Lovells LLP, McNaul Ebel PLLC, Kirkland & Ellis LLP, Arete Law Group PLLC, Gibson Dunn & Crutcher LLP, Clement & Murphy PLLC, Arnold & Porter Kaye Scholer LLP, Angeli & Calfo LLC, and Corr Cronin LLP represent the plaintiffs.

The case is **Novartis v. Brown**, W.D. Wash., No. 3:26-cv-05302, order 6/9/26.

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