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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Healthcare Laws This Week: Drug Pricing, AI And Aid In Dying

By **Gianna Ferrarin**

Law360 (October 21, 2025, 7:00 PM EDT) -- A proposal by congressional Democrats to scale back Medicare price negotiation exemptions for so-called orphan drugs. New chatbot safeguards enacted in California to prevent youth suicide. A New York bill at the finish line that would legalize aid-in-dying care in the state.

Here, Law360 Healthcare Authority looks at those and other legislative developments impacting the healthcare industry this week.

Dems Seek to Expand Orphan Drug Price Negotiations

Congressional Democrats on Tuesday revealed a proposal to scale back exemptions in the Medicare drug price negotiation program for drugs that treat rare diseases, citing projections that current carveouts would increase government spending by nearly $9 billion over the next decade.

Dubbed the **No Big Blockbuster Bailouts Act** by sponsors, the bill would erase provisions in Republicans' federal budget reconciliation bill that exempt any so-called orphan drug from government price negotiations if it is exclusively designated to treat one or more rare diseases. Previously, only drugs designated for a single rare disease were eligible for exemption — a restriction drugmakers said disincentivized innovation.

Current carveouts for orphan drugs constitute a "staggering" bailout for the pharmaceutical industry, Sens. Peter Welch, D-Vt., Catherine Cortez Masto, D-Nev., and Ron Wyden, D-Ore., said in announcing their proposal. They cited a **Monday report** by the Congressional Budget Office estimating an $8.8 billion price tag from 2025 to 2034 for the carveouts.

"When Democrats gave Medicare the authority to negotiate prescription drug prices, it was a promise to give seniors real financial relief, but Republicans' tax bill broke that promise," Cortez Masto said in a Tuesday statement. "We must overturn these disastrous policies making life more expensive for seniors across America."

Under the Democrats' proposal, only orphan drugs that cost the government at most $400 million a year would be exempt from Medicare drug price negotiations. That threshold would protect incentives for rare drug development by targeting blockbuster drugs, the lawmakers said.

Ohio AG Urges State Justices to Uphold Trans Care Ban

Ohio lodged its opening brief urging the state's highest court to overturn a ruling that Ohio's restrictions on gender transition care for minors are unconstitutional, centering its arguments on the limits of parental rights.

A state appeals court was wrong to rule that a healthcare amendment and due course of law clause in Ohio's Constitution gives parents the right to secure gender transition care for their children, Ohio Attorney General Dave Yost told state justices in his **opening brief** Monday. Yost's filing to the Ohio Supreme Court was quickly followed by amicus curiae **arguments in support** from Alabama and 24 other states.

The **appeal** concerns Ohio House Bill 68, which prohibits physicians from providing cross-sex

hormones, surgery or other medical treatments to assist a minor with gender transition.

In March, a panel for Ohio's 10th Appellate District **found** that H.B. 68 infringes on parents' fundamental due process right to direct their children's medical care and violates the Ohio Constitution's Health Care Freedom Amendment, which bars state laws prohibiting the "purchase or sale of healthcare."

But that ruling disregards Ohio's authority to regulate the practice of medicine and repeats a "long-ago wrong turn" treating Ohio's due course of law clause — which enshrined the right for people to obtain legal remedies for injuries to their "land, goods, person, or reputation" — as equivalent to the due process clause of the U.S. Constitution.

"Just as children cannot consent to marriage before adulthood ... they cannot fully consent to becoming patients for life," Yost said in his brief. "The court below was wrong to override the people's choice with its own, by 'discovering' an unexpressed constitutional right for parents to transition their children, by looking to constitutional provisions that do not confer any such right."

Ohio H.B. 68 is **currently in effect** while state justices consider Yost's appeal.

The case is Madeline Moe et al. v. Dave Yost et al., case number 2025-0472, in the Ohio Supreme Court.

Calif. Enacts Laws on Private Equity, PBMs and Chatbots

A series of healthcare bills signed into law by California Gov. Gavin Newsom places new legal obligations on pharmacy benefit managers, private equity firms and developers of artificial intelligence technology.

This story mentions suicide. If you are experiencing thoughts of suicide, the Suicide and Crisis Lifeline is available 24 hours a day at 988 or online at 988lifeline.org.

Starting Jan. 1, private equity firms will be required to give California's Office of Health Care Affordability 90 days' notice of any material transactions with a healthcare entity. Enacted earlier this month, **Assembly Bill 1415** directs OCHA to adopt regulations clarifying what transactions would trigger notification requirements.

Since its creation in 2022, OCHA has thus far been tasked with **setting limits** on healthcare spending growth and assessing market consolidation.

Pharmacy benefit managers will likewise be under increased scrutiny thanks to provisions in the recently enacted **Senate Bill 41**, which requires PBMs to obtain a license from the state's Department of Insurance and use "pass-through pricing" models — that is, the amount PBMs charge health plans for prescription drugs must be the same as what PBMs pay for pharmacies or providers to dispense the drugs.

Newsom also enshrined **new safeguards** for users of "companion" chatbots following litigation against over the death of a California teen who allegedly received **suicide instructions** from OpenAI's artificial intelligence tool ChatGPT.

Under **Senate Bill 243**, operators of companion chatbot platforms will be required to track referrals to crisis service providers and report to California's Office of Suicide Prevention on protocols in place to respond to instances of suicidal ideation by users. Reporting requirements begin in July 2027.

Law Profs. Urge NY to Legalize Medical Aid in Dying

A group of law professors urged New York Gov. Kathy Hochul to sign the **Medical Aid In Dying Act**, a bill on her desk that would allow physicians to grant requests from terminally ill patients for life-ending medication.

Currently, New York "impermissibly burdens" patients with terminal illnesses from seeking a physician's assistance in ending their lives, a practice commonly referred to by advocates as medical aid in dying, the group told Hochul in a letter last week. Under present state law, aid-in-dying care is legally indistinguishable from the crime of physician-assisted suicide.

The **letter**, signed by a dozen current and retired professors from New York University School of Law, Albany Law School and a host of other law schools, called on Hochul to legalize aid-in-dying care in the state.

If the bill is enacted, New York would join the District of Columbia and 11 states that allow patients with a terminal condition to request access to such end-of-life care.

"Since patients generally are at liberty to make their own medical choices even if they choose to die rather than live, that liberty being grounded in the state's respect for personal autonomy and freedom, there are no compelling reasons to deny terminally ill patients the additional right to medical aid in dying," the letter said.

Deal Reached in Hawaii Midwifery Regulatory Battle

A yearslong battle over midwifery regulation in Hawaii is nearing its end following a settlement between Native Hawaiian practitioners and the state that clarifies penalties, protections for student midwives and a host of other practice considerations.

Filed in Hawaii state court last week, the **agreement** seeks to ensure individuals do not risk criminal penalties for practicing midwifery without a license and are exempt from licensure requirements during training.

The settlement would end litigation initiated in 2023 by a group of midwives, students and mothers arguing that **prior regulatory restrictions** threatened Native Hawaiian cultural practices and access to healthcare in rural areas of Hawaii.

In May, Hawaii lawmakers walked back several restrictions challenged in the litigation and broadened the range of programs through which individuals can obtain licensure as a midwife.

The settlement builds on that legislation by clarifying the lack of criminal penalties for violating Hawaii's midwifery statute and requiring the state to notify plaintiffs about any rulemaking concerning the statute. The deal does not affect civil penalties for practicing midwifery without a license, which include fines.

Attorneys from the Center for Reproductive Rights and the Native Hawaiian Legal Corporation, representing the plaintiffs, applauded the agreement as a step forward in addressing gaps in maternal healthcare and protecting traditional birthing practices.

"There is still more work to do to shore up protections for midwives in Hawai'i and to address the vast maternal health crisis in the U.S.," Rachana Desai Martin, a chief officer at the Center for Reproductive Rights, said in a statement last week. "But thanks to the tireless work of our plaintiffs and advocates, traditional Native Hawaiian midwives don't have to be afraid that they might be thrown into jail for their work."

The case is Kahoʻohanohano v. Hawaiʻi, case number 1CCV-24-0000269, in the First Circuit Court of the State of Hawaii.

--Additional reporting by Rae Ann Varona, Mark Payne, Dan McKay and Y. Peter Kang. Editing by Alanna Weissman.