Submitted by:
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TO: Health Resources and Services Administration (HRSA)

RE: Request for Information: 340B Program Rebate Model

The Partnership for Innovation and Empowerment supports the 340B Rebate Model Pilot. We see it as a necessary first step to reform a program that's been hijacked, one that's supposed to serve vulnerable communities but instead has become a profit machine for big hospitals in wealthy neighborhoods.

The 340B Program Has Become Divorced from Its Intended Mission

Created in 1992, the 340B program was supposed to help hospitals and clinics serving poor and underserved patients buy medicines at a lower cost. Instead, large hospital systems have exploited the program. They use 340B discounts to boost profits, not patient care, and they've consistently expanded into wealthier neighborhoods while defunding services to communities that actually need them. (source)

Why a Rebate Model Actually Works

The current system, where hospitals get 340B discounts up front and then can do whatever they want with them, has created a black box. No one can see the money flowing through. This has contributed to the explosive growth in the program. Specifically, both Medicaid and 340B are paying for the same drugs, and there's no way to catch it. In 2019, hospitals claimed an estimated $1.5 billion in duplicate 340B/Medicaid discounts. (source) Now we're adding the Inflation Reduction Act on top of that, creating another $4 billion risk of double-dipping that Congress explicitly made illegal.

A rebate model fixes this. It creates a paper trail. Real-time transparency. Hospitals provide the data to show whether they served a patient as part of the 340B program. That's the core issue: the program needs more transparency and accountability.

One Critical Requirement: Direct Reporting to Federal Regulators

We support the rebate model with no special treatment or carve-outs for certain providers. Direct federal reporting ensures:

- Real-time identification of duplicate discounts in 340B
- Better visibility into whether 340B medicine was prescribed to the intended hospital or clinic patient.
- Improve ways to ensure hospitals and providers provide the claims data that are needed to prevent MFP/340B double dipping

Why This Matters for Communities That Are Already Struggling

This isn't abstract policy. The 340B program directly shapes which communities get healthcare investment and which ones get abandoned. Right now, 340B expansion has favored wealthy neighborhoods. Meanwhile, hospitals that serve majority-Black and Latino communities, majority-low-income areas, places like Richmond Community Hospital in Richmond, Virginia (source), have had their services reduced as corporate parents divert 340B profits elsewhere.

A transparent, regulated rebate model won't fix everything wrong with healthcare inequity. But it's a necessary step. It removes the profit incentive to abandon poor communities. It creates accountability. And it starts to align the 340B program with its original purpose: serving people who actually need help.

Bottom Line

The Partnership for Innovation and Empowerment supports the 340B Rebate Model Pilot Program, with one non-negotiable requirement: no carveouts of the program. This reform won't solve every problem with 340B. The program needs deeper change. But a transparent rebate model with direct federal oversight is the essential first step. It's how we start taking this program back from the hospitals that are gaming it and put it back to work for the people it was supposed to serve.

We welcome the opportunity to provide additional testimony as HRSA moves forward.

Respectfully submitted,

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