

December 1, 2025

The Honorable Mike Johnson
Speaker of the House
United States House of Representatives
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives
Washington, D.C. 20515

Re. Congress Must Pass 340B Reforms to Ensure Federal Program is Delivering for Low-Income and Uninsured Patients, Not Large Hospitals and Insurer-owned PBMs

Dear Speaker Johnson and Minority Leader Jeffries,

On behalf of the Health Equity Collaborative (HEC) and the undersigned organizations, we urge Congress to pass much-needed reforms to the federal 340B Drug Pricing Program. The 340B program was established with a singular goal: to ensure low-income and uninsured patients can afford their medications. That promise has been broken.

Intended to be a lifeline for our most vulnerable, the 340B program has been turned into a source of massive, unchecked profit for large, tax-exempt hospital systems and powerful Pharmacy Benefit Managers (PBMs). The lack of guardrails or mandatory reporting requirements on how these billions of dollars in profits are spent has created a financial incentive structure that prioritizes wealth extraction over mission fulfillment. We have now reached a critical point where the program is exacerbating health disparities across the nation.¹

Hospital and PBM Abuses are Driving Health Disparities

The current structure of the 340B program enables two primary actors—large, well-resourced hospital systems and Pharmacy Benefit Managers (PBMs)—to abuse the program:

1. **Hospital System Profiteering:** The 340B program allows participating hospitals to “buy low and sell high,” purchasing medicines at a steep discount and then proceeding to bill private insurers, Medicare, and even uninsured patients the full list price. This practice allows them to generate enormous “spread” profits. Critically, without transparency mandates, evidence suggests that these profits are often not reinvested into expanding charity care or critical services in underserved communities. Instead, profits are used to finance mergers and acquisitions and to open new, profitable outpatient facilities in high-income, well-insured neighborhoods.² The result is a systematic diversion of resources away from the low-income and medically underserved areas that the 340B program was created to support.
2. **PBM and Contract Pharmacy Exploitation:** PBMs—often vertically integrated with large chain pharmacies that act as 340B contract pharmacies—are major beneficiaries of the program's lack of oversight. An investigative report published by the Senate Committee on Health, Education, Labor and Pensions (HELP) found that large chain pharmacies are diverting 340B funds from safety-net providers by requiring them to use the pharmacies' vertically integrated administrative and third-party services to claim revenues, a practice that diverts 340B revenues away from the providers actually assisting needy patients.³

¹ Income, health, and racial gaps between 340B hospitals, child sites, and nearby neighborhoods: <https://academic.oup.com/healthaffairsscholar/article/3/7/qxaf121/8162672?login=false>

² The Association of 340B Program Drug Margins with Covered Entity Characteristics: <https://journals.sagepub.com/doi/10.1177/00469580251324051?utm>

³ Congress Must Act to Bring Needed Reforms to the 340B Drug Pricing Program. Senate Committee on Health Education Labor and Pensions Majority Staff Report: <https://www.help.senate.gov/final-340b-majority-staff-reportpdf>

Underserved communities, who experience disproportionately high rates of chronic disease, are paying the price for 340B's failure. Many find essential services neglected as facilities chase profits in affluent zip codes, further restricting their access to affordable prescriptions and compounding existing health disparities.⁴ Similarly, disabled patients, many of whom are low-income or on fixed incomes, are reportedly being denied or delayed critical treatments, facing prohibitive out-of-pocket costs for medications, and watching as vital yet low-profit services like specialty clinics are reduced or closed in their communities.⁵

New CBO Report Confirms 340B Program's Design Is Flawed, Driving Abuses.

A new report released by the Congressional Budget Office (CBO) in September validated the long-standing concerns so many patients already know: the current 340B program is broken.⁶ The report examines trends in discounted drug purchases made through the program between 2010 and 2021 and assesses its effects on the federal budget.

We want to highlight a few key takeaways that resonate with our communities:

1. Spending on 340B drugs skyrocketed from 2010 to 2021, growing at an average yearly rate of 19 percent, a pace higher than market-wide drug spending.
2. The 340B program is driving up costs for the federal government by incentivizing clinicians to prescribe more drugs and higher-cost drugs and by decreasing manufacturer rebates that otherwise reduce overall patient costs.
3. The profitability of the 340B program for participating entities has been shown to incentivize vertical integration (consolidation) among providers, contributing to a documented increase in total health care spending.⁷

A Comprehensive Solution – The 340B ACCESS Act

To restore the integrity of the 340B program and ensure it supports the neediest patients and drives better healthcare outcomes, we encourage Congress to pass comprehensive reforms that improve transparency, ensure discounts reach patients, and strengthen the program's accountability.

The recently introduced *340B Affording Care for Communities and Ensuring a Strong Safety-Net (340B ACCESS) Act* offers an opportunity for Congress to restore the program's integrity.⁸ The legislation represents a holistic solution to ensure the 340B program can fulfill its mission of helping underserved communities and improving access to affordable medicines and health services.

The legislation will improve program transparency, prevent PBMs from diverting funds that were meant to improve patient care, strengthen federal oversight and accountability, and ensure patients receive the intended discounts on medicines.

HEC Calls for Patient-Centered Reforms

On behalf of the patient communities we represent, thank you for your leadership and ongoing commitment to improving health care access and affordability for America's most needy.

It has become evidently clear that the 340B Program's original promise of affordable drugs has been broken, fueling unchecked profiteering by large hospitals and PBMs and exacerbating health disparities

⁴ 340B Is a Broken Promise to Our Communities: <https://www.apri.org/340b-is-a-broken-promise-to-our-communities>

⁵ The 340B Drug Pricing Program: How It Works and Why It's Controversial: <https://www.commonwealthfund.org/publications/explainer/2025/aug/340b-drug-pricing-program-how-it-works-and-why-its-controversial>

⁶ Growth in the 340B Drug Pricing Program: <https://www.cbo.gov/publication/60661>

⁷ CBO Confirms 340B Drug Pricing Program Increases Costs for Federal Taxpayers: <https://energycommerce.house.gov/posts/cbo-confirms-340-b-drug-pricing-program-increases-costs-for-federal-taxpayers>

⁸ H.R. 5256 – 340B ACCESS Act: <https://www.congress.gov/bill/119th-congress/house-bill/5256>

for underserved populations including Black, Latino, and disabled patients. To restore the program's integrity and purpose, we urge Congress to immediately pass the comprehensive, patient-focused reforms found in the 340B ACCESS Act.

Please do not hesitate to contact us directly if we can be a resource for you and your staff.

Sincerely,

Health Equity Collaborative

African American Diabetes Association

ALLvanza

ASPIRA Association

BlackDoctor.org

Black Women's Health Imperative

Black, Gifted & Whole Foundation

Center for Black Equity

Choose Healthy Life

Latino Commission on AIDS

**League of United Latin American Citizens
(LULAC)**

MANA, A National Latina Organization

National Black Nurses Association, Inc.

National Hispanic Council on Aging

National Hispanic Health Foundation

Organization for Latino Health Advocacy

**Partnership for Innovation and
Empowerment**

South Asian Public Health Association

**Southern Christian Leadership Global Policy
Initiative**

The Hispanic Institute

Women Impacting Public Policy

