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TO: Health Resources and Services Administration (HRSA)

RE: Request for Information: 340B Program Rebate Model

The SCL-GPI and FSIC support the 340B Rebate Model Pilot. We've been in communities for decades, watching programs meant to help poor people get twisted into machines that make hospital executives richer. We see it with our own eyes: hospitals pulling out of neighborhoods where Black and Latino families live, moving their services to suburbs where people have money. The 340B program, supposed to help safety-net providers access lower-cost medicines for the neediest patients, has become the opposite of that.

### **What's Happening on the Ground**

In 1992, Congress created 340B to help hospitals and clinics serving low-income patients buy prescription drugs at steep discounts. Good idea. The problem: there's no rule saying hospitals have to actually help the patients. No rule saying the discount has to go to anyone specific. Hospitals can mark up 340B medicines 10 times what they paid for them. And they do. The poorest hospitals, the ones in Black and brown neighborhoods, get squeezed out as corporate hospital chains use 340B profits to expand into wealthy, white areas.

This is by design, not accident. Hospitals track every prescription, sometimes years after a patient visited, to claim 340B discounts. They spend money to maximize the spread between what they buy and what they bill. It's profitable. But it's not what Congress intended.

### **The Money is Being Stolen**

The lack of transparency has opened the door to massive fraud. Hospitals and providers are supposed to get either a Medicaid rebate or a 340B price, not both. But with no tracking system, hospitals claim both. In 2019, when the program was much smaller than it is today, that double-dipping added up to \$1.5 billion. ([source](#)) Now it's worse.

Then Congress passed the Inflation Reduction Act. Now there are THREE programs potentially paying for the same drug. And without real-time visibility, hospitals can end up claiming all three. That's another \$4 billion getting stolen from taxpayers.

### **The Rebate Model Is the Fix**

A rebate model creates greater accountability and stronger guardrails within the program. You can see which drugs are eligible for the appropriate rebate. You can prevent the same medicine from receiving duplicate discounts. Transparency is what kills the scheme.



## Direct Reporting is Non-Negotiable

This limited pilot program should move forward and not include carveouts for any hospitals, clinics, or other providers. This ensures:

- Immediate identification of duplicate 340B/Medicaid/IPAY discounts
- Real-time enforcement
- Protection of federal dollars that belong to taxpayers

## This Isn't Just Policy, It's About People

We work in communities that have been abandoned by healthcare. Richmond Community Hospital had its services cut back significantly. ([source](#)) These are hospitals that say they serve poor communities, but really, they're looking for the exit. The 340B program feeds that. It rewards hospitals for abandoning poor neighborhoods.

A transparent, regulated rebate model won't fix everything. It starts to align the program back to what Congress intended. And it adds more accountability to the program.

## The Bottom Line

We support the 340B Rebate Model Pilot Program, with one requirement that cannot be compromised: no carve-outs for hospitals or other actors in the program. This is the first necessary step to take back a program that's been hijacked. It won't be the last, the 340B program needs deeper reform to serve the people it was supposed to serve truly. But transparency and enforcement have to come first.

We stand ready to work with HRSA to make this right.

Respectfully submitted,

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