

HHS Reexamining Drug Discount Program After Rebate Plan Paused

By Nyah Phengsitthy | February 10, 2026 5:40PM ET – Bloomberg Government

The US Health Resource and Services Administration plans to take a deeper look at actions occurring under a federal drug discount program after its proposal to shift to a rebate system was paused.

The HRSA, an agency under the US Department of Health and Human Services that oversees the [340B Drug Pricing Program](#), is taking another swing at implementing a rebate system under the federal plan after sending a second [proposal](#) to the Office of Management and Budget late last week.

An agency official said Tuesday that the government is interested in understanding how revenue is being used by covered providers under the program. It could take a while to explore what the rebate model would look like, the official added, who spoke at a health care conference focused on community health care centers.

Rebates would significantly shift how the 340B program operates.

Drugmakers currently provide up-front drug discounts to covered safety-net hospitals, clinics, and health centers that treat a disproportionate number of low-income and uninsured patients. Under a rebate system, however, covered providers would have to buy certain medicines at full market price and then submit data to drugmakers to receive a discount.

The notice sent to the White House on Feb. 6 came after HRSA and hospitals groups [agreed to scrap](#) a legal fight over the initial 340B Rebate Model Pilot Program.

Hospital groups [sued](#) HRSA in December 2025, alleging the agency unlawfully implemented the pilot because it didn't follow procedural steps. A federal district court [agreed](#) with the hospitals and halted the plan from going into effect on Jan. 1.

The government eventually decided to [send](#) the pilot back to the agency for consideration.