

More upheaval in discount drug program

By [Maya Goldman](#) - Axios

Major drugmakers are imposing new conditions on federal discounted drug purchases, adding another friction point to a program that's been a perennial source of strife between Big Pharma and hospitals and clinics.

Why it matters: The manufacturers' new data-reporting requirements reflect the industry's belief that providers are gaming the 340B program to boost their profits — a charge the providers dispute.

- The program covers more than \$81 billion in annual drug purchases. Safety net hospitals and clinics say the savings they get through the program are needed to help them stretch limited resources.

Driving the news: In February, Eli Lilly began requiring providers to either submit claims data to pharmacies dispensing the discounted drugs or to pay full price. Novo Nordisk has a similar policy set to go into effect next month.

- Eli Lilly told Axios the new requirement will reveal instances where providers are getting duplicate discounts through federal programs on the same drugs. The change requires "minimal additional data and will not impose any costs" on providers, a spokesperson said.
- A Novo Nordisk spokesperson said its policy doesn't limit how much medication providers can purchase at the discounted rate.

The other side: Providers who depend on the program say the new requirements will be prohibitively expensive.

- "This policy is the most far-reaching and potentially punitive data submission requirement imposed by the drug industry on [providers] to date," RWC-340B, an advocacy group for HIV clinics, said in [a blog post](#).
- The American Hospital Association has [asked](#) the Trump administration to block the drugmakers' new demands. HHS did not respond to Axios' questions about whether it plans to step in.
- The agency is "taking actions to ensure compliance with statutory requirements, strengthen program oversight, enhance enforcement

and gather stakeholder input to protect the integrity of the 340B program," HHS spokesperson Emily Hilliard said in an email.

Zoom out: The clash over the new requirements comes as the Trump administration launches efforts that could significantly change how the 340B program works.

- The government is teeing up a pilot program that would require providers to pay up front and then get rebates, instead of direct price cuts, once they demonstrate they're eligible. It's the second attempt at such a change after a court struck down a rebate model last year.
- HHS also is fielding a survey of hospitals' drug acquisition costs, which could lead to a cut in providers' Medicare payments for dispensing discounted drugs.
- In addition, the Trump administration has taken drug companies' side in ongoing legal battles over state laws that prevent manufacturers from restricting the pharmacies where providers can use their 340B discounts.

Reality check: The 340B program has ballooned in recent years. More hospitals are participating, stoking concerns that some providers are taking advantage of the system.

- Spending on 340B drugs rose more than sixfold between 2010 and 2021, the Congressional Budget Office estimated last year, with only about one-third of that growth linked to rising drug prices.
- A report from the Minnesota Health Department last month found that providers in the state collectively netted at least \$1.34 billion in program discounts in 2024 and that the vast majority went to large hospitals.
- "In this current era where there's this increased focus on affordability, I think it's not surprising that we're seeing additional concern about the 340B program," said Karyn Schwartz, a senior vice president at the drug lobby PhRMA.

Yes, but: Health costs are rising for providers, too, and the 340B changes are landing as looming cuts to federal Medicaid spending squeeze their budgets.

- Savings from discounted drug purchases allowed Philadelphia-based Jefferson Health to offer low-revenue services like obstetrics and

provide free vaccines to patients in need, said health system president Baligh Yehia.

- Jefferson Health put \$1.8 billion into community benefit programs in 2024.

What they're saying: "This program is a key part of being able to support those individuals, and it would be like a double, triple whammy" if access to the savings is restricted now, Yehia said.

- "The confluence of changes in the 340B program adds fuel to the fire, and could mean health centers have to cut services, cut hours, or even close their doors," said Stephanie Krenrich, who leads government affairs at Advocates for Community Health