# Congress of the United States

## Washington, DC 20515

The Honorable Robert F. Kennedy, Jr.
Secretary
U.S. Department of Health & Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

The Honorable Thomas J. Engels
Administrator
Health Resources & Services Administration
5600 Fishers Lane
Rockville, MD 20857

Dear Secretary Kennedy and Administrator Engels:

We write to express our strong support for the Administration's implementation of Health Resources and Services Administration (HRSA) 340B Rebate Model Pilot Program as a critical step toward restoring transparency, accountability, and program integrity in the 340B Drug Pricing Program.

Over the past decade, the 340B program has grown significantly — now exceeding $80 billion annually in discounted drug purchases — yet transparency and oversight mechanisms have not kept pace. As a result, Congress and regulators lack the visibility necessary to verify that statutory discounts are applied appropriately and that program resources are used as intended to benefit vulnerable patients and support safety-net providers.

The program's rapid expansion has outpaced the tools needed to ensure alignment with congressional intent. Lawmakers currently have limited insight into how program transactions occur across the pharmaceutical supply chain, making it difficult to confirm patient eligibility, prevent duplicative discounts across federal programs, and guard against potential waste, fraud, and abuse.

Recent oversight has raised serious concerns about whether the 340B Drug Pricing Program is serving the patients Congress intended. Congressional hearings,[1,2] a transparency report from the Minnesota Department of Health,[3] analysis from the Congressional Budget Office,[4] a U.S. Senate Health, Education, Labor, and Pensions Committee report entitled "*Congress Must Act To Bring Needed Reforms To The 340b Drug Pricing Program*,"[5] and investigative reporting all point to troubling trends.[6] The evidence suggests 340B revenues are not consistently tied to improved patient affordability and may, in some cases, contribute to higher healthcare costs. At the same time,

[1] U.S. House of Representatives, Committee on Energy and Commerce, Subcommittee on Oversight and Investigations. (2024, June 4). *Oversight of 340B drug pricing program* [Hearing]. https://energycommerce.house.gov/events/oversight-and-investigations-subcommittee-hearing-oversight-of-340-b-drug-pricing-program

[2] U.S. House of Representatives, Committee on Energy and Commerce, Subcommittee on Health. (2023, April 26). *Lowering unaffordable costs: Legislative solutions to increase transparency and competition in health care* [Hearing]. https://www.congress.gov/committee-report/118th-congress/house-report/757/1

[3] Minnesota Department of Health, Health Economics Program. (2026, February 27). *340B covered entity report to the Minnesota Legislature, 2025*. Minnesota Department of Health. https://www.health.state.mn.us/data/340b/docs/2025report.pdf

[4] Congressional Budget Office. (2025, September). *Growth in the 340B Drug Pricing Program*. https://www.cbo.gov/publication/60661

[5] U.S. Senate Committee on Health, Education, Labor & Pensions, Majority Staff. (2025, April 24). *Congress must act to bring needed reforms to the 340B Drug Pricing Program*. United States Senate. https://www.help.senate.gov/imo/media/doc/final_340b_majority_staff_reportpdf1.pdf

[6] Gabler, E. (2025, January 15). How a company makes millions off a hospital program meant to help the poor. *The New York Times*. https://www.nytimes.com/2025/01/15/us/340b-apexus-drugs-middleman.html

a disproportionate share of program benefits appears to flow to large tax-exempt hospital systems rather than the rural clinics and safety-net providers the program was designed to support.

Strengthening oversight of a program of this scale is essential to ensuring its long-term viability. Aligning 340B with established rebate-based models used in other federal programs represents a practical and proven approach. The 340B rebate model pilot would require standardized claims-level data prior to rebate issuance — including information necessary to validate purchases and confirm patient eligibility — consistent with how programs such as Medicaid, TRICARE, and Medicare drug pricing reforms operate today. This approach holds significant promise for strengthening transaction-level verification, ensuring statutory discounts are applied appropriately, and providing policymakers with greater transparency into how the program operates in practice.

Enhanced transparency is particularly important given the growing intersection of federal drug pricing programs. Without reliable, claims-level data, it is increasingly difficult to prevent overlapping discounts and ensure compliance with federal law. By enabling verification before rebates are issued, the pilot will help strengthen program integrity and close longstanding gaps in oversight.

Importantly, the rebate model pilot is a targeted effort designed to generate the data necessary for effective oversight without disrupting patient access or provider operations. Testing this model will provide Congress with critical insights to inform future legislative reforms and ensure the program operates consistent with its original intent.

For these reasons, we strongly support the Administration's implementation of a robust 340B rebate model pilot that prevents duplicate discounts and diversion by validating patient eligibility, and we encourage its timely adoption. Improving transparency and verification will strengthen oversight, safeguard taxpayer resources, and ensure federal drug pricing policies serve the patients and communities they were designed to help.

[[SIGNATURES]]