

Vol. 69, Issue 37

Thursday, September 11, 2025

WHA Expresses Concerns with Proposed 340B Rebates Outlined in HRSA Pilot

On Sept. 8, WHA commented on the Health Resource Service Administration's (HRSA) proposal to allow drug companies to voluntarily participate in a pilot program that would move the 10 drugs on the CMS Medicare Drug Price Negotiation Selected Drug list for 2026 to a rebate model in the 340B Drug Pricing Program.

"WHA greatly appreciates HRSA's work to police adverse actions taken by drug companies and has joined an amicus briefing in defense of HRSA, maintaining that HRSA, and not individual drug companies, has the authority to approve, deny or set other parameters regarding the lawful use of rebates in the 340B program," said WHA President and CEO Kyle O'Brien. He continued, "While WHA believes that ultimately this pilot will show the wisdom of HRSA operating 340B under a discount model for over three decades, nevertheless, WHA appreciates that HRSA has clearly put meaningful thought into creating strict parameters for this pilot, in line with their clear authority to do so."

Despite WHA's appreciation for HRSA setting strict parameters on the pilot, the comment letter also expressed concerns that the rebate model would add unnecessary complexity to the 340B program, increase costs for hospitals and not advance the ultimate goals of the program "to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services."

Among the suggestions for HRSA to improve the pilot, WHA suggested HRSA:

- Create meaningful consequences for non-compliance, especially because drug companies have previously shown by their actions in denying discounts at contract pharmacies that they are willing to flout HRSA's clear policies.
- Establish a central platform for data submissions because hospitals are already drowning in a maze of portals for insurance prior authorization and dealing with constant changes to the prescription drug data they are already tracking under the current 340B program.
- Do not allow rebates to become a form of prior authorization for 340B. HRSA must ensure rebates are paid in a timely manner and that drug companies are not allowed to arbitrarily deny or delay rebates in the same way insurance companies have been using prior authorization to delay or deny payment for services medical providers have already furnished.

WHA also expressed concern that going to a rebate model will significantly increase costs for hospitals, particularly given the large costs for some of the drugs on the initial list of 10. Given that 1/3 of Wisconsin hospitals operated at a loss in 2023, the increase in up-front costs could require some hospitals to dip into their cash reserves and potentially lead to a change in a hospital's credit rating that could have ripple effects such as higher borrowing costs for future hospital construction projects.

Above all, WHA urged HRSA to focus on the reason for the pilot. For instance, WHA cautioned that if the pilot shows rebates add complexity in a way that does not benefit hospitals, patients or taxpayers, but only benefits drug company profits, then there is no reason to move the 340B program to a rebate model.

IN THIS ISSUE

- WHA in Washington, DC to Push for Health Care Extenders and Solution for Expiring Enhanced Health Insurance Premium Tax Credits
- WHA Expresses Concerns with Proposed 340B Rebates Outlined in HRSA Pilot
- Matching Grants Support Shovel-Ready Building Projects Including Clinics and Health Centers
- Wisconsin Hospitals State PAC & Conduit Surpasses \$200,000, 137 Individual Contributors
- Understanding Values, Navigating Ethical Issues, and AI Imperatives in Health Care – Register Today
- Register Today For Hospital Board Education: Keeping Your Board Apprised and Legally Compliant

EDUCATION EVENTS

Sep. 17, 2025

2025 Annual Wisconsin Organization of Nurse Leaders Conference

Sep. 22, 2025

Infection Prevention and Antibiotic Stewardship

Sep. 23, 2025

Inpatient Dialysis in Rural Health