340B Health Survey Misleads, Ignores the Problem Rebate Models are Designed to Solve

A 340B rebate model program would be a positive step to ensure that manufacturers are not forced to provide 340B discounts on medicines purchased at the "maximum fair price" under the Inflation Reduction Act, as such duplicative discounts are unauthorized. A rebate model would help crack down on program abuse and unauthorized duplicate discounts. But the 340B lobby, dominated by large, highly profitable tax-exempt hospitals, has sought to derail HRSA's efforts to bring transparency and integrity to the program by suing to block the implementation of a rebate model HRSA announced in 2025.

Their argument is based largely on a misleading study that is **methodologically flawed**, **systematically biased**, **based on an outdated and exaggerated set of assumptions**, and lacking solutions for how to address well-documented abuses.

Here's how the survey obscures, rather than solves, critical issues with 340B:

The survey is methodologically flawed:

- 340B Health surveyed a self-selected, non-random sample of only 347 respondents, suggesting there could be meaningful response bias.
- The 347 hospitals are a small fraction of the 50,000 covered entities in the United States.

The survey used misleading, outdated assumptions:

- Many of its findings on the financial impact are based on the survey's incorrect assumption that a rebate model would require a period of 30 days or more to receive discounts, resulting in a "float." A recent IQVIA analysis found that a rebate model in which rebate claims must be paid within 10 days wouldn't impact providers financially and providers would be paid rebates before the time they would have to pay their wholesalers.
- Calculations concluding that the average Disproportionate Share Hospital would be forced to float an estimated $72.2 million to manufacturers annually are meaningless. This number adds up the total amount of 340B rebates the average hospital would receive over a given year for all medicines and does not account for rebate payments being made within 10 days.
- The survey fails to account for payment terms to wholesalers, which would further limit the financial impact of a delay. With a 10-day timeframe, covered entities would receive 340B rebates before they are required to pay wholesalers for the medicines.

The 340B Health survey fails to address ongoing or future concerns about program abuse:

- Despite the fact the IRA does not authorize 340B and MFP discounts on the same medicine, the 340B Health survey never mentions this statutory requirement.
- The 340B Health survey fails to mention that every study of covered entity 340B purchases, including landmark Government Accountability Office assessments, has found evidence of duplicate discounts in the 340B program. A rebate model could make sure that the IRA does not make this problem worse by preventing new duplicate discounts under the IRA.

Learn more at PhRMA.org/340B

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