

HRSA's Mandatory 340B Rebate Pilot Will Decimate Access to Affordable Pharmaceutical and Other Services at Community Health Centers

- The 340B Rebate Pilot announced by HRSA on October 30 is the greatest threat to CHCs' 340B programs – and the broad range of services they support – since the program's creation in 1992. If implemented as planned on January 1, 2026, it will lead to widespread reductions of services and disruptions to patient care at CHCs of all sizes across the US.
- 340B savings are central to CHCs' financial sustainability. They comprise a larger share of CHCs' budgets than Federal grant funds, and underwrite many services that would otherwise be financially unsustainable –e.g., dental, SUD, school-based, nutrition, vision, and mobile health services.
- The new 340B rebate pilot will force CHCs to pay the “sticker price” when they purchase the ten drugs subject to Medicare price negotiations starting in 2026. Those drugs comprise around one-third of total Medicare Part D spending, and the upfront pricing will apply to ALL units purchased (not just those for Medicare patients.) Next, the CHC must wait until the drug is dispensed, then apply to a manufacturer-funded platform for a rebate, and wait for the rebate to be paid, “floating” the upfront cost of the drug throughout.
- The model places enormous financial and operational pressures on CHCs, including:
 - **Enormous cashflow needs that many are unable to support:** For example, CHCs now pay \$9.69 at the time of purchase for a 60-count bottle of Eliquis 5 mg. Under the rebate pilot, they will have to pay \$584.95 per bottle – 60 times more. Also, each of the ten drugs is available in multiple doses that must each be purchased separately, and each pharmacy site must have its own stock of each drug in each dose, dramatically expanding the upfront cash needs. Most CHCs lack the resources to “float” those upfront costs until they receive the rebate payment, and lenders are unwilling to loan to CHCs given the uncertainty around their Federal grant and 340B funding.
 - **Massive new administrative costs:** The rebate model will impose massive administrative burdens on CHCs, including managing both the rebate process (e.g., applying for, tracking, and disputing rebates individually on every unit of an MFP drug they dispense) and cashflow issues (e.g., finding lenders, timing purchases and payments to minimize borrowing costs.) CHCs will bear the full burden of these new costs.
 - **Millions of dollars in lost 340B savings:** Between MFP pricing and the multiple new costs and lost discounts due to the rebate model (e.g., lost 340B sub-ceiling discounts), individual CHCs will lose millions of dollars in 340B savings in 2026. For example, a CHC that serves 45,000 patients estimates that it will lose \$1 million in 340B savings in 2026 on just one MFP drug – Xarelto. That CHC will likely offset that loss by downsizing their sliding-fee scale dental services.
 - **Pharmacies not dispensing MFP drugs to CHC patients:** Many CHCs – and their contract pharmacies – are seriously considering not offering MFP drugs in 2026. The CHCs are being forced into this position by the cashflow issues and administrative costs associated with the rebate model, while large chain pharmacies consider the MFP/ 340B rebate system to be too complicated to deal with. This outcome will result in disruptions in patient care and worsening health outcomes for CHCs' medically-vulnerable patients.