



October 23, 2025

The Honorable Bill Cassidy, M.D., Chair
The Honorable Bernie Sanders, Ranking Member
Senate Committee on Health, Education, Labor, and Pensions
428 Dirksen Senate Office Building
Washington, DC 20510

Dear Chair Cassidy, Ranking Member Sanders, and Members of the Committee:

On behalf of National Taxpayers Union (NTU), America's oldest taxpayer advocacy organization, I am honored to offer several resources the Committee may find useful in connection with today's hearing entitled, "The 340B Program: Examining Its Growth and Impact on Patients."

In 2020, NTU responded to a request from the Committee on 340B reforms with the following summary of recommendations to support:

- A temporary moratorium on new 340B enrollees while Congress, the Government Accountability Office (GAO), and the Department of Health and Human Services (HHS) Inspector General (IG) conduct oversight of program deficiencies;
- Changes to the 340B statute that clarify the definition of a "340B patient;"
- A re-evaluation of whether Disproportionate Share Hospitals (DSHs) should participate in 340B based on DSH status alone;
- Enhancements to the Health Resources and Services Administration's (HRSA's) regulatory, enforcement, and data collection capabilities so that the agency can better monitor hospital eligibility, duplicate discounts, and more;
- Targeted additional resources to HRSA to enable it to fully oversee the 340B program, monitor compliance, and enforce sanctions on entities that break the rules;
- Additional reporting from 340B entities to HHS, to clarify who benefits from the program, at what level, and how those trends change over time; and
- A careful study of how large, national contract pharmacies may or may not benefit from the 340B program.

These recommendations are as timely and relevant for today's hearing as they were for 2020's request; indeed, they are all the more so, given a recent Congressional Budget Office (CBO) report noting that the

340B program's expenditures and lack of transparency have grown dramatically over five-year (more than doubling), and ten-year (more than quadrupling) measurements.¹

CBO commented that “the 340B program encourages behaviors—including the prescription of more and higher-priced drugs, the expansion of services, and the integration of hospitals and off-site clinics—that tend to increase federal spending.” Unfortunately, CBO could not estimate reasonably precise magnitudes of how these factors boost outlays—another reason why this Committee's work will be vital going forward in better assessing the impact of 340B on taxpayers.

As the Committee's efforts continue, NTU wishes to offer several items that can help to crystallize the taxpayer's perspectives on 340B. These include:

- The aforementioned comments to the Committee, which state that, “Overall, it is clear that recent growth in the 340B program has presented unique challenges to consumers and taxpayers that Congress can and should remedy . . . Even though proponents contend that the program has no cost to taxpayers, waste in 340B payments could certainly contribute to cost-shifting or duplicate payments in other government-funded health programs.”²
- Comments on a HRSA request for input on 340B pilots that could, in NTU's opinion, provide important clues to policymakers on how best to help the program avoid the perils of “pay and chase” models going forward. NTU concludes, “With so many contract pharmacies and covered entities operating in a regulatory environment that leaves HRSA at an oversight disadvantage among continuing program growth, it is wise for HRSA to test methods of discount processing that will provide more near-term, near real-time data on program integrity that 340B does not currently foster.”³
- Comments on state-level legislation on 340B, which is largely fraught with additional liabilities for taxpayers. As NTU Senior Vice President for State Affairs (and former State Senator) Leah Vukmir notes, “The 340B program has expanded significantly over the years with little transparency or accountability, allowing entities that receive discounted drugs from manufacturers to profit from the price difference—rather than passing those savings on to patients.” In many cases, state taxpayers are put on the hook for program liabilities.⁴
- An analysis of how prescription drugs, both branded and generic, create value for taxpayers in the health care system, by offsetting costlier therapies such as hospital stays. No other country in the world has created an environment where nearly 90% of new drug launches are available to patients, while over 90% of prescriptions are filled with generics. This elegant balance of

¹ Details of the CBO report are available at: [60661-340B-program.pdf](#).

² See NTU's full memo to the Committee at: [340B Program Must Be Reformed to Achieve Its Intended Purpose - Publications - National Taxpayers Union](#).

³ See NTU's comments to HRSA at: [Rebate Model Pilot Can Boost 340B's Mission, Reduce Costs - Publications - National Taxpayers Union](#).

⁴ See, for example, the full text of Vukmir's comments to the Governor of Tennessee, available at: [340B Expansion in Tennessee Will Exacerbate Drug Prices and Lead to Legal Challenges - Publications - National Taxpayers Union](#).

innovation and action is imperiled by numerous misguided policy initiatives, ranging from the prescription drug price negotiation provisions in the Inflation Reduction Act, to Most Favored Nation pricing schemes, to current Section 232 tariff investigations into pharmaceuticals.⁵

Several legislative responses to 340B's challenges have already been offered in the current Congress, some containing several of NTU's recommended reforms, others taking, in our opinion, less productive directions. In any case, it is critically important that this Committee assume a leadership role in focusing on the future of 340B. Given so many interests in this policy debate—patients, manufacturers, hospitals, insurers, and pharmacies—it is all too easy to lose sight of the fact that taxpayers have a major stake in 340B reform as well.

Thank you for your consideration of these comments, and, should you have any questions on this or any other fiscal or regulatory matter before the Committee, we are at your service.

Sincerely and respectfully,

A handwritten signature in black ink, appearing to read "Pete Sepp", with a stylized flourish at the end.

Pete Sepp, President
National Taxpayers Union

⁵ See four NTU publications related to this paragraph at: [How Much is Medicine Worth to the American Taxpayer? A Cost-Benefit Analysis - Publications - National Taxpayers Union](#); [Economic, Legal, Tax, and Health Policy Experts Agree: Scrap the Punitive, Unworkable, and Indefensible Excise Tax on Prescription Drugs - Publications - National Taxpayers Union](#); [Price Controls: How to Make Medicaid Worse Without Really Trying - Publications - National Taxpayers Union](#); and <https://www.ntu.org/publications/detail/section-232-tariffs-on-pharmaceuticals-will-increase-costs-and-weaken-us-national-security>.

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