



June 9, 2026

House Appropriations Committee  
United States House of Representatives  
H-307 The Capitol  
Washington , District of Columbia 20515  
United States

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**National Groups:**

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(HEAL) Group  
Industry Advisory Group (IAG)

Sent Via Electronic Mail

**RE: 340B Rebate Model**

Dear Honorable Chairman Tom Cole, Vice-Chair Mario Diaz-Balart, Members of the United States House of Representatives Committee on Appropriations,

The **Community Access National Network (CANN)** respectfully writes in support of policies that permit and facilitate the use of a 340B rebate model as a mechanism to modernize program administration while preserving the statutory intent of the 340B Drug Pricing Program.

**ABOUT CANN:** The Community Access National Network (CANN) is a 501(c)(3) national nonprofit organization (formerly incorporated under the "Ryan White CARE Act Title II Community AIDS National Network") focusing on public policy issues relating to HIV/AIDS and viral hepatitis. CANN's mission is to define, promote, and improve access to healthcare services and supports for people living with HIV/AIDS and/or viral hepatitis through advocacy, education, and networking. CANN's coalition-based work is done on behalf of the patient advocacy groups, pharmaceutical partners, and government agencies.

For more than three decades, the 340B program has enabled safety-net providers to stretch scarce federal resources, expand services, and improve access to care for vulnerable patient populations. However, the program's operational environment has changed dramatically since its enactment in 1992. The growth of complex pharmacy networks, increased reliance on third-party administrators, and the emergence of significant disputes regarding duplicate discounts and diversion have created challenges that threaten the long-term sustainability and credibility of the program.

A carefully implemented rebate model offers an opportunity to address many of these concerns while maintaining access to 340B savings for covered entities and the patients they serve.

**RE: 340B Rebate Model**

**June 9, 2026**

**Page Two**

### **The Rebate Model Already Works**

CANN strongly supports a rebate-based model for the vast majority of 340B transactions. The rebate model is not a novel or untested idea. The AIDS Drug Assistance Programs (ADAPs) — administered in every U.S. state and territory — have successfully operated under such a model for nearly the entirety of the 340B program. Their experience demonstrates that rebate systems can enhance program integrity, protect access, and streamline oversight when implemented with statutory clarity.

Similarly, ADAPs represent a “Gold Standard” in terms of patient benefit when 340B works as originally intended. These systems already safeguard against duplicate discounts and maintain patient access without the need for up-front discounts—proving that prospective pricing is not the only viable method.

### **Disproportionate Share Hospitals Are Fully Equipped to Absorb Any Shift**

Concerns from large covered entities (CEs) — particularly major disproportionate share hospital (DSH) systems — about rebate model “burdens” must be viewed in context. These entities operate with substantial revenues, often far exceeding the entire federal 340B awards provided to *all* state ADAPs. Any concerns about the transition from discount to rebate reflect, at most, a change in cash flow timing, not in total financial benefit.

If covered entities are not exploiting the program, there should be no substantive concern with the rebate model. The same dollars are simply moving later in the claims process — not being withheld or denied arbitrarily. Those raising alarm are effectively arguing that oversight, transparency, or delayed benefit somehow threatens access — which only makes sense if the financial benefit is not aligned with actual patient care delivery. Concerns expressed by some covered entities that rebates may be “denied” based on such audits are misplaced. Statutorily-allowable audits and limitations are not evidence of abuse — they are the legally required tools that preserve program integrity.

Indeed, the intensity of pushback from certain CEs, absent any evidence that claims would be denied, raises important questions. If a CE is fearful of a system that enforces basic statutory compliance regarding prohibition on duplicate discounts, it may suggest that the CE’s current claims could not survive scrutiny. Such behavior warrants oversight, not accommodation.

**RE: 340B Rebate Model**

**June 9, 2026**

**Page Three**

A rebate-based approach can provide several important benefits:

- **Enhanced Transparency:** Rebate claims create auditable records that improve visibility into where 340B discounts are generated and how they are applied.
- **Improved Program Integrity:** A rebate model can help reduce concerns regarding duplicate discounts and diversion by allowing claims to be validated before discounts are provided.
- **Greater Accountability Across the Supply Chain:** Manufacturers, covered entities, pharmacies, pharmacy benefit managers, and third-party administrators would all operate within a framework that supports more accurate reconciliation and oversight.
- **Preservation of Patient Access:** A properly structured rebate model allows covered entities to continue realizing 340B savings while reducing administrative conflicts that have increasingly led to litigation and operational restrictions.

To be clear, CANN supports a strong 340B program. When the program operates as it was intended, the delicate healthcare safety-net thrives, and families, individuals, and communities have access to the care and services they otherwise may not have.

CANN remains ready to support the legislature in further discussions regarding this legislation, or any other matter of public health, I can be reached by phone at 913.954.8816, or email [kalvin@tiicann.org](mailto:kalvin@tiicann.org).

Warmly in service,



Kalvin Pugh  
340B Policy Director  
Community Access National Network (CANN)

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On behalf of  
Jen Laws  
President & CEO  
Community Access National Network