COALITION AGAINST SOCIALIZED MEDICINE

a Project of THE CONSERVATIVE POLITICAL ACTION COALITION

M E M O R A N D U M

To: **Hon. Bill Cassidy, Chairman, Senate Health, Education, Labor, and Pensions Committee**
From: **Andrew Langer, Executive Director, Coalition Against Socialized Medicine**
Date: **August 28, 2026**
Re: **Request for Information: 340B Drug Pricing Integrity and Affordability for Patients Act**

Introduction

The Coalition Against Socialized Medicine (hereafter "CASM") respectfully submits the following comments to Chairman Bill Cassidy of the Senate Health, Education, Labor, and Pensions Committee in response to the Request for Information: 340B Drug Pricing Integrity and Affordability for Patients Act.

CASM is a coalition of allied free-market limited-government policy research, education, and advocacy organizations, and is led by the Conservative Political Action Coalition ("CPAC"), a non-profit partisan 501(c)(4) research, education, and advocacy organization based in Alexandria, Virginia.

Our coalition is dedicated to defending the free-market principles that uphold America's healthcare system. We support reforms that protect and promote biopharmaceutical innovation, increase competition, improve transparency throughout the prescription-drug supply chain, and ensure that government programs benefit patients. CASM champions patient-centered, market-based solutions that expand access to quality and timely care, improve outcomes, and reduce costs for patients and taxpayers.

Good Intentions, Bad Execution.

The 340B program was designed to serve low-income patients in vulnerable communities by offering lower-cost medicines to those who need them most. Instead, it has become a cycle of waste, fraud, and abuse. With no transparency or reporting requirements to check it, participating hospitals have put their own bottom lines ahead of the patients the program was built to serve.

Rather than serving patients, covered entities prioritize profits over patients, and as a result, 340B drug sales continue to grow more than 20% annually, while healthcare costs remain high, and many patients and communities remain underserved.

The Historic Program Abuse

The abuse stems from one core vulnerability: no oversight. 340B is essentially a self-governed program under HRSA—which does not have the regulatory authority to audit it and relies on self-attestations of compliance rather than verified source documentation

Participating hospitals have historically not offered patients the discounted treatments they're supposed to receive, and instead pocketed the savings to inflate executives' pay and fund campus renovations. In 2022, a lawsuit was filed against the Borrego Community Health Foundation accusing its former executives of self-enrichment schemes. With Borrego's CEO earning $1.9 million annually while running a hospital intended to serve underserved and low-income patients, it is clear that 340B funds are not always used for the betterment of those in need. This isn't an isolated case; it's what happens when a program runs on the honor system.

This same lack of oversight has enabled covered entities and providers to authorize illegal, duplicative discounts that further drive up healthcare costs. Under federal law, manufacturers must either provide the 340B discounted price or a Medicaid rebate—never both. Yet there are no reliable reporting requirements to catch it when they do.

How to Rein in the Program

340B needs regulatory clarity and mandatory reporting—full stop. Patients in rural and vulnerable communities deserve better than what's happening under lawmakers' noses. Requiring hospitals to report that discounts actually reach patients is the clearest way to restore the program's integrity.

One solution has already been designed. HRSA's own 340B Rebate Model Pilot, set to launch January 1, 2027, would replace the upfront discount with a claims-verified rebate: hospitals pay full price, then submit transaction data before manufacturers pay them back. This change flips the model from reactive to prospective. Today, HRSA can only catch a duplicate discount or an ineligible claim after the money has been moved—through an audit that may happen years later, if at all.

Under a rebate model, manufacturers verify eligibility at the transaction level before a dollar goes anywhere, closing the program's reporting gap that has let duplicate discounts slip through for over a decade. It won't fix every hole in 340B. but it replaces the honor system with a receipt.

Conclusion

CASM urges Chairman Cassidy and his colleagues on the Senate HELP Committee to restore the 340B program back to its original intent—serving underserved patients. Delivering reforms will enforce the much-needed accountability this program needs and end not-for-profit hospitals'

ability to game the system. We ask that these reforms be shepherded to the finish line to finally end the waste, fraud, and abuse in the 340B program.

Thank you for your time and consideration of this matter.

Sincerely,

Andrew M. Langer
Executive Director
Coalition Against Socialized Medicine