



August 26, 2026

The Honorable Bill Cassidy, M.D., Chairman
Committee on Health, Education, Labor and Pensions
United States Senate
Washington, DC 20510

The Honorable Bernie Sanders, Ranking Member
Committee on Health, Education, Labor and Pensions
United States Senate
Washington, DC 20510

Dear Chairman Cassidy, Ranking Member Sanders, and Members of the Senate HELP Committee:

Thank you for the opportunity to comment on the Chairman's [legislative discussion draft](#) regarding the 340B drug pricing program. The [Center for American Principles](#) is a 501(c)(4) non-profit issue advocacy organization dedicated to advancing free markets and rule of law, including combatting government waste and abuse and market manipulation.

Lawmakers [intended](#) for the 340B program to help low-income and vulnerable patients. Instead, the program has become a cash cow for hospital conglomerates leading to its [expansion](#) far beyond the anticipated scope.

From [\\$6.6 billion](#) in 2010, 340B purchases reached [\\$100 billion](#) in 2025. Such rapid expansion, coupled with a lack of transparency and oversight, has allowed hospitals to pocket savings that lawmakers intended for patients, marking up drugs by as much as [10 times](#) what the hospitals paid to acquire those medicines.

This buy-low, sell-high behavior flies in the face of congressional intent for 340B, distorts healthcare markets, and harms taxpayers, patients, and employers alike.

Rather than share costs efficiently among manufacturers, hospitals, and patients as intended, the 340B program's explosive growth has shifted revenues from tax-paying drug manufacturers to tax-exempt hospitals. One former CBO director estimates that the lost tax revenue could total [\\$200 billion](#) over the next 10 years.

The growth of the 340B program also increases insurance premiums for employers and their workers because company-sponsored health plans miss out on manufacturer rebates when prescriptions are routed through 340B instead. These lost rebates alone cost employer-sponsored health plans [\\$6.6 billion](#) annually.

The 340B program also incentivizes hospitals to buy up independent physician practices and clinics and designate them as "[child sites](#)" for the purpose of purchasing discounted drugs through the program and reselling them to patients at a markup. This industry consolidation shifts care from [lower-cost](#) independent settings to higher-cost hospital-owned ones and results in an additional [\\$36 billion](#) in hospital spending per year by employers.

Notwithstanding these increased costs for employer health plans, there is little evidence that hospitals [pass](#) savings on to patients and [little insight](#) into where the money actually goes. Research shows that these hospitals often provide, on average, [less charity care](#) than their non-340B counterparts. As Chairman Cassidy's office has previously [pointed out](#), [some](#) 340B hospitals even redirect resources to wealthy areas, while scaling back services in poorer ones.

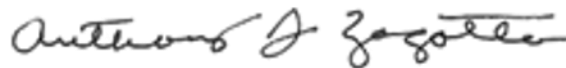
Simply put, the 340B program is manifestly failing to achieve Congress' intended goal. The Committee's recent [legislative discussion draft](#) offers a meaningful starting point to begin curbing the abuses that plague this program and ensuring that savings actually reach patients.

The discussion draft's clearer standards for who qualifies as a 340B patient would help ensure discounted medicines are afforded to the genuinely vulnerable individuals the program was intended to help. Similarly, enhanced qualifications for child sites and contract pharmacies would help refocus the program and reduce opportunities for abuse. Currently, about [two-thirds](#) of U.S. pharmacies participate as 340B contract pharmacies, including [large chains](#) like CVS and Walgreens.

The draft's proposal to offer hospitals either a rebate or an upfront discount, together with data reporting requirements, would also help ensure that only 340B discounts are limited to eligible patients and can be audited effectively.

The 340B program has been plagued by waste and abuse and market manipulation for far too long. Stronger guardrails and more oversight are needed to protect the patients, employers, and taxpayers it was intended to serve. I commend the Committee for taking on this long-overdue effort and encourage continued work to reform the 340B program.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony J. Zagotta".

Anthony J. Zagotta,
President, Center for American Principles