

# THE NEED TO EXEMPT INDIAN HEALTH CARE PROVIDERS FROM HRSA'S 340B REBATE MODEL PILOT

## The Issue

HRSA's proposed **340B Rebate Model Pilot Program** would require providers to **pay full retail drug prices upfront and wait for manufacturer rebates**. For **Urban Indian Organizations (UIOs)** and Indian Health Care Providers, this model creates an immediate and unsustainable financial risk that threatens patient access to care.

## The Impact

**127x**

Upfront drug costs increase 127x for seven commonly used medications

Before

2.8k

After

342.7k

Required cash outlay rises annually from **\$2,824.73** to **\$342,716.14**

**200,000x**

Cost of some drugs increase by thousands to over 200,000x their prior cost

These medications treat **diabetes, cardiovascular disease, and autoimmune conditions**.

*UIOs do not have the reserves to front these costs while awaiting uncertain rebate payments.*

## Administrative and Operational Burden

Beyond drug costs, the rebate model imposes significant new challenges:



New IT Systems and Workflows to Track Rebates and Claims



Increased Compliance, Audit, and Legal Risk



Unclear Timelines for Rebate Approval and Payment



Cash Flow and Inventory Instability

*This model is **unworkable** for clinics operating on tight margins.*

# Federal Trust Responsibility

The federal government has a trust obligation to:

***“Ensure the highest possible health status for Indians and urban Indians and to provide all resources necessary to effect that policy.”***

*A rebate model that destabilizes Indian health providers conflicts with this responsibility.*

## The Role of UIOs

UIOs are Native-led providers and a core component of the **IHS-Tribal-UIO (I/T/U) health system.**

**41 IHS-Funded  
Urban Indian  
Organizations  
Nationwide**

**85+ Facilities in  
38 Urban Areas**

**Serving Patients  
from 500+  
Federally  
Recognized Tribes**

**25 UIOs Currently  
Participate in the  
340B Program**

## Why This Matters for Patients



UIOs are essential providers for American Indian and Alaska Native people living in urban areas.

**They provide:**

**Primary and  
Preventive Care**

**Chronic Disease  
Management**

**Behavioral  
Health Services**

**Access to Life-  
Saving Medications**

*Under a rebate-only model, clinics may be forced to **delay or deny medications, reduce services, or reallocate limited resources away from patient care,** worsening health disparities.*

## Policy Ask

**Exempt Indian Health Care Providers - including Urban Indian Organizations - from HRSA's 340B Rebate Model Pilot Program.**

**An exemption is necessary to:**

Protect Patient  
Access to  
Essential  
Medications

Uphold the Federal  
Trust Responsibility to  
American Indian and  
Alaska Native People

Prevent Service  
Cuts and Clinic  
Destabilization

## Tribal Requests

The request to exempt Indian Health Care Providers from the 340B Rebate Model Pilot has been raised through:

**The HHS Secretary's Tribal  
Advisory Committee (STAC)**

**The CMS Tribal Technical  
Advisory Group (TTAG)**

*The rebate model is incompatible with Indian health provider financing.*

## Bottom Line

The 340B Rebate Model Pilot shifts extreme financial and administrative risk onto Indian health providers. **Without an exemption, patients lose access to life-saving medications and the federal trust obligation is undermined.**



NATIONAL COUNCIL of  
URBAN INDIAN HEALTH

For additional information, please contact **[Policy@NCUIH.org](mailto:Policy@NCUIH.org)**.