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

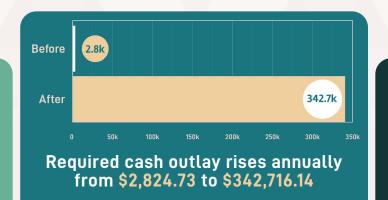
The Issue

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 127× for seven commonly used medications



200,000x

Cost of some drugs increase by thousands to over 200,000× 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 11 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.



For additional information, please contact Policy@NCUIH.org.