

J&J Drops Controversial 340B Plans Following Actions by HRSA and WHA-Backed Bipartisan Letter from Congress

On Sept. 30, Johnson & Johnson (J&J) [announced](#) it would be dropping its controversial proposal to convert two of its prescription drugs to a rebate model in the 340B discount drug program. The announcement came after both the federal Health Resources and Services Administration (HRSA), which regulates the 340B program, and members of Congress pushed back strongly against the proposal.

J&J had previously [announced](#) on August 23 that it intended to stop offering up-front discounts for two popular prescription drugs, STELARA and XARELTO, and instead transition them to a back-end rebate model. WHA joined groups like the American Hospital Association and 340B Health in warning about the serious negative consequences these actions would have for 340B hospitals. Such a reimbursement model would have meant significantly higher up-front costs for 340B hospitals while also putting discounts at risk for denial on the back-end, similar to how Medicare Advantage organizations have been inappropriately denying medical claims using prior authorization [according to the federal Office of Inspector General](#).

On Sept. 17, HRSA [warned](#) J&J that its plan to transition to a rebate model was unlawful, as it had not sought or received approval from HRSA. It notified J&J that continuing to pursue this policy without approval from HRSA could result in termination of its 340B drug pricing agreement and civil monetary penalties. After further correspondence from J&J suggesting it would proceed with this policy nevertheless, HRSA [informed J&J](#) on Sept. 27 that it would begin terminating its pharmacy pricing agreement if J&J did not inform HRSA by Sept. 30 that it would cease implementation of the proposed rebate policy.

In addition to these actions by HRSA, a bipartisan coalition of 188 members of the U.S. House of Representatives sent a [letter to U.S. Health and Human Services Secretary Xavier Becerra](#) on Sept. 30 expressing their significant concerns with J&J's proposal. As covered in a [recent edition of The Valued Voice](#), WHA was recently in Washington, DC urging support of this effort to protect 340B hospitals in addition to other hospital priorities. WHA joined several other state and federal hospital associations in endorsing the letter, which was signed by Wisconsin House Members Mark Pocan (D-Town of Vermont), Derrick Van Orden (R-Prairie du Chien), Gwen Moore (D-Milwaukee), Glenn Grothman (R-Greenbush) and Tom Tiffany (R-Hazelhurst).

Other Articles in this Issue

- [Federal Audit Finds Three Insurers Overcharged the Medicare Program](#)
- [CMS to Host Webinar on 2025 Hospital Price Transparency Requirements](#)
- [J&J Drops Controversial 340B Plans Following Actions by HRSA and WHA-Backed Bipartisan Letter from Congress](#)
- [WHA Council Discusses Key Workforce Issues](#)
- [CMS Releases Report on Hospital-At-Home Programs](#)