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ADAP Advocacy Supports 340B Rebate Model

Urges the Health Resources & Services Administration to skip its flawed pilot program because it invites challenge under the Administrative Procedure Act

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Media Contact:
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WASHINGTON, D.C. – ADAP Advocacy, in a [pointed written comment](#), urged the Health Resources and Services Administration (HRSA) to modify its proposed 340B rebate pilot project, calling it deeply flawed and potentially contrary to the Administrative Procedure Act. In doing so, ADAP Advocacy also called on the agency to remove itself as an *obstacle* to fully implementing a rebate model for all covered entities under the 340B Drug Pricing Program, especially hospitals.

The written comments, in part, read:

“Even if HRSA has a pre-approval authority, there is no need to conduct a pilot. The ADAP experience has already demonstrated that retrospective rebates work without causing delay or undue administrative burdens.”

The written comment is in response to the recent notice in the *Federal Register*, [HHS Docket No. HRSA–2025–14619](#), which solicited feedback on the proposed voluntary 340B Rebate Model Pilot Program. [The full letter can be read here.](#)

Brandon M. Macsata, CEO of ADAP Advocacy, stated: **“The State AIDS Drug Assistance Programs, or ADAPs, have in essence served as the pilot project for this rebate model, and their ability to account for how 340B rebates are used is widely considered the ‘gold standard’ among covered entities. We favor a robust 340B program because ADAPs rely on it to serve as the payor of last resort for thousands of people living with HIV/AIDS. HRSA is dragging its feet with this pilot program, and it is time the program returned to its legislative intent by serving patients.”**

Macsata further noted that although ADAPs and many smaller covered entities utilize the 340B program to assist the uninsured and the underinsured, reflecting the original intent of the program, many 340B hospitals, which receive 87% of the benefits of the program,¹ have profited from the program while providing abysmally low levels of charity care.

¹ <https://www.hrsa.gov/opa/updates/2023-340b-covered-entity-purchases>

In 2002, for instance, the last year for which data is available, 340B hospitals devoted just 2.15% of their spending to charity care.² ADAP Advocacy's [340B map](#) shows the disturbing pattern of 340B hospitals growing their 340B programs larger *and larger*. At the same time, their charity care commitments erode, and their chief executive officer's compensation increases, often dramatically.³

For 27 years, ADAPs have operated by way of a rebate mechanism, providing a gold standard for broader implementation of that well-established system. State Drug Assistance Programs show how rebates operate in the best interest of **all** 340B stakeholders. Using a rebate model, ADAPs have been able to dramatically grow their drug and non-drug services for HIV/AIDS patients, while providing financial assistance to patients and funding for non-drug HIV/AIDS support services. Significantly, 340B ADAP drug rebates offered just 5% of ADAP funding for HIV/AIDS patients in 1997, the year before the rebate system started. By 2022, those rebates successfully and efficiently funded 47% of programs, an increase of more than 800%, including direct financial assistance to drug patients in need.⁴ 340B rebates, which in 2025 are estimated to fund a complete 55% of these programs, work.⁵ Further, much larger, better-resourced 340B hospitals are in an even better position to operate effectively under a rebate model than the pharmacies that participate in ADAPs. ADAPs are predicated on annual, means-based, federal funding awards to each state program, which are significantly smaller than the yearly revenue of most moderate or large-scale hospital systems.

To learn more about ADAP Advocacy, AIDS Drug Assistance Programs, or the written comments to HRSA on the 340B rebate model, please email info@adapadvocacy.org.

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About ADAP Advocacy: ADAP Advocacy's mission is to promote and enhance the AIDS Drug Assistance Programs (ADAPs) and improve access to care for persons living with HIV/AIDS. ADAP Advocacy works with advocates, community, health care, government, patients, pharmaceutical companies, and other stakeholders to raise awareness, offer patient educational programs, and foster greater community collaboration.

² Pioneer, 340B Abuse, Hospital Charity Care, available at <https://pioneerinstitute.org/340babuse/>

³ ADAP Advocacy, 340b Map, available at <https://340bmap.org/>

⁴ M. Hopkins, "NASTAD Releases 2024 Monitoring Project Annual Report", *The ADAP Blog* (May 2024), available at <https://adapadvocacyassociation.blogspot.com/2024/05/nastad-releases-2024-monitoring-project.html>.

⁵ B. Macsata, "Is the 340B Drug Rebate Program the Next 'Too Big to Fail'?", *ADAP Advocacy* (Feb. 2025), available at https://www.adapadvocacy.org/pdf-docs/2025_ADAP_Project_RW_340B_Asset_16_Too_Big_To_Fail_03-07-25.pdf.