

June 15, 2022

Supreme Court Rules Unanimously in Favor of AHA, Others in 340B Case

See highlights of the decision and AHA's reaction

The Supreme Court of the United States today [ruled unanimously](#) in favor of the AHA and others, reversing a 2020 court of appeals decision upholding the authority of the Department of Health and Human Services to significantly cut payments to certain hospitals that participate in the 340B Drug Pricing Program, and thereby threatening access to care for patients.

The Supreme Court held that “HHS’s 2018 and 2019 reimbursement rates for 340B hospitals were contrary to the statute and unlawful.” Noting that “340B hospitals perform valuable services for low-income and rural communities but have to rely on limited federal funding for support,” the Supreme Court observed that “this case has immense economic consequences, about \$1.6 billion annually.”

Despite those serious practical impacts, the Supreme Court concluded that “[u]nder the text and structure of the statute,” the case is “straightforward” as a matter of law: “Because HHS did not conduct a survey of hospitals’ acquisition costs, HHS acted unlawfully by reducing the reimbursement rates for 340B hospitals.”

The AHA was joined in the case by the Association of American Medical Colleges, America's Essential Hospitals and three hospital members.

In a [statement following the decision](#), the AHA, AAMC and AEH said, “We are pleased that the U.S. Supreme Court unanimously agreed with us that the Department of Health and Human Services’ outpatient payment cuts to hospitals in the 340B Drug Pricing Program were unlawful. This decision is a decisive victory for vulnerable communities and the hospitals on which so many patients depend.

“340B discounts help hospitals devote more resources to services and programs for vulnerable communities and increase access to prescription drugs for low-income patients.

“Now that the Supreme Court has ruled, we look forward to working with the Administration and the courts to develop a plan to reimburse 340B hospitals affected by these unlawful cuts while ensuring the remainder of the hospital field is not disadvantaged as they also continue to serve their communities.”

Watch for more information from the AHA on the decision and next steps.

FURTHER QUESTIONS

If you have further questions, please contact AHA at 801-424-4301.