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U.S. District Court Judge Vacates Unlawful Drug Reimbursement Rate For 340B Hospitals for Remainder of 2022

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Greenbaum, Rowe, Smith & Davis LLP Client Alert

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As we reported previously in this post on our Healthcare Perspectives blog, the U.S. Supreme Court earlier this summer held that the federal government improperly lowered drug reimbursement payments to certain 340B hospitals that serve low-income communities. Following that decision, the case was remanded back to the lower courts for further proceedings consistent with the Court's ruling.

On September 28, 2022, the United States District Court for the District of Columbia entered a written decision and order in favor of the hospitals and healthcare organizations who brought the lawsuit. Specifically, they sought a vacatur of the unlawful 340B reimbursement rate for the remainder of 2022 and an injunction to ensure the enforcement of the relief sought.

The Honorable Rudolph Contreras, U.S.D.J. held that the government had no basis upon which to argue that the unlawful 340B drug reimbursement rate should remain in effect for the remainder of 2022. While Judge Contreras held that an injunction was unnecessary, the plaintiffs were successful in obtaining the relief sought with the Court ordering that the unlawful rate be vacated for the remainder of 2022.

Accordingly, for the remainder of 2022, the U.S. Department of Health and Human Services (HHS) will be required to pay full rates of reimbursement to participants in the program. While it remains to be seen exactly how HHS will address the retroactive shortfall in reimbursement and correct the rates for 2023 and beyond, this ruling marks a significant victory for 340B hospitals.

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Please contact the author of this Alert with questions or to discuss your specific circumstances.

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