Lilly Statement on New 340B Litigation

November 15, 2024

Today, Lilly sued HRSA over its purported rejection of Lilly's plan to change the way it offers reduced prices on its medicines in the 340B program, through its technology partner Kalderos. The 340B program currently uses a slow, indirect "product replenishment" model that was created by for-profit pharmacies, third-party administrators, and large hospitals. It was designed to exploit arbitrage opportunities, is deliberately opaque, and allows these entities to freely circumvent the law.

Lilly's new 340B cash replenishment model is far better. It's designed to pay cash directly to 340B covered entities every week, ensuring they pay no more than the 340B ceiling price. This model offers faster payments, improves cash flow for covered entities, and increases transparency. And it aims to prevent abuses seen in the current program, ensuring compliance with existing laws and new requirements under the Inflation Reduction Act.

But HRSA purported to reject—without reason or process—Lilly's cash replenishment model. Lilly brought this lawsuit because HRSA does not have the authority to arbitrarily reject this model, which serves the original goals of the 340B program and improves transparency, efficiency, and program integrity. We look forward to presenting our case in court.

Read the complaint here.

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