

Court Vacates 340B Policy Restricting Initial Hospital Drug Purchases Through GPOs

Healthcare Law Update

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On March 31, 2026, a federal district court [struck down](#) a 2013 policy issued by the Health Resources and Services Administration (HRSA) that restricted certain 340B hospitals' ability to use group purchasing organizations (GPOs) for initial purchases of covered outpatient drugs. The policy required those hospitals to make initial purchases at non-340B, non-GPO prices, effectively prohibiting the use of both 340B pricing and GPO arrangements for such purchases. The policy was initially adopted to address concerns about potential diversion and duplicate discounts.

The case was brought by a technology and supply chain company that operates a GPO, which argued that the policy was arbitrary and capricious because HRSA failed to adequately explain its basis as required under the Administrative Procedure Act (APA). The court agreed, concluding that HRSA did not provide a reasoned explanation for the policy as required under the APA. Although the decision eliminates the current restriction, it leaves open the possibility that HRSA could revisit the issue and adopt a similar policy in the future.

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