



Via email: [spacomment@fssa.in.gov](mailto:spacomment@fssa.in.gov)

March 27, 2026

FSSA Office of Medicaid Policy and Planning  
Attn: Connor Ortman  
402 West Washington St., Room W374  
Indianapolis, IN 46204

#### COMMENT RE: 340B DRUG PROGRAM

The Indiana Rural Health Association (IRHA) appreciates the opportunity to provide comments on the proposed Medicaid State Plan Amendment (SPA) related to Medicaid reimbursement for 340B drugs. We recognize FSSA's efforts to strengthen program integrity, ensure appropriate rebate collection and address fiscal realities facing Indiana's Medicaid program. However, IRHA is concerned with the impact the proposed SPA will have on rural health providers and their patients in Indiana who receive and depend on 340B savings. We encourage FSSA to carefully assess the role 340B plays in supporting rural healthcare providers in Indiana and make accommodations for these providers in the SPA, including making exemptions for rural providers or delaying consideration of the SPA pending a more thorough assessment of its impact.

It is generally understood that the 340B program is intended to help providers "stretch scarce federal resources" to expand and maintain access to care and serve vulnerable populations.<sup>1</sup> Indiana's rural health providers eligible to participate in the 340B program use 340B savings for these exact purposes. For rural healthcare providers, 340B savings are commonly used to support essential services such as pharmacy and medication access, behavioral health services, oncology services, maternal care, and many other similar services.<sup>2</sup> In many local communities, these kinds of services are difficult to sustain due to low patient volumes, persistent reimbursement constraints, and ongoing challenges in recruiting and retaining healthcare staff. Such challenges are particularly acute for rural providers operating as the primary safety net. Eliminating all 340B savings for Medicaid claims will create additional financial pressures for rural healthcare organizations, most of whom are already weighing how to ensure access to these critical programs and services.

Adopting policies that limit 340B savings or Medicaid reimbursement has significant downstream implications for rural health providers, particularly those with limited scale and fewer alternative revenue sources. This has become increasingly clear as drug manufacturers have imposed restrictions on the scope of 340B and federal legislation changing drug reimbursement has taken effect. This situation is likely to worsen in the coming years as Medicaid reforms limiting eligibility are implemented, making it even more difficult for rural providers to address these growing challenges through 340B savings. The SPA will only make these existing challenges more severe and worsen the difficulties faced by rural providers and their patients.

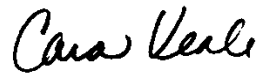
<sup>1</sup> American Hospital Association, *340B Drug Pricing Program Fact Sheet*  
<https://www.aha.org/fact-sheets/2025-11-24-fact-sheet-340b-drug-pricing-program>

<sup>2</sup> National Rural Health Association, *Rural 340B Program Overview*  
<https://www.ruralhealth.us/nationalruralhealth/media/documents/advocacy/2025/rural-340b.pdf>

If FSSA desires to move forward with the SPA, IRHA, respectfully urges FSSA at least consider a targeted approach that accounts for the unique circumstances of rural providers and makes accommodations that lessen the impact of the SPA. Specifically, an exemption could apply to providers in HRSA designated rural counties including Critical Access Hospitals, Sole Community Hospitals, PPS and Federally Qualified Health Centers located in HRSA-designated rural counties. This approach would provide direct relief to providers serving the most geographically isolated and resource-limited populations, while still allowing FSSA to advance its broader goal of improving Medicaid program efficiency and cost management.

The IRHA would also welcome a dialogue with FSSA to share more information with FSSA should FSSA decide to delay submitting the SPA to better assess its impact.

Sincerely,

A handwritten signature in cursive script that reads "Cara Veale".

Cara Veale, DHS, FACHE  
Chief Executive Officer  
Indiana Rural Health Association