

As Pricing Programs Evolve, Now's the Time for Gross-to-Net Intelligence

modeln.com

Model N

WHITE PAPER

The 340B Drug Pricing Program is a financial lifeline for many healthcare providers and the patients they serve. More than 14,000 covered entities (CEs) and over 800 major manufacturers participate in this vital initiative. Since its inception in 1992, 340B has expanded to cover every congressional district in the country, serving as a critical safety-net mechanism for more than 25 million people receiving care from providers that serve disadvantaged communities.

But the 340B program is vastly different from what it was when it started nearly 35 years ago. When federal guidance changed in 2010 to allow more than one contract pharmacy per CE, the 340B program grew exponentially. In fact, 2025 was the first year that 340B purchases crossed a $100 billion threshold, a nearly 40x increase since 2005.[1] The unbridled pace of the program's growth and sheer volume of claims make it increasingly difficult for manufacturers to handle. What's more, the sizeable amount of money transacted through 340B underscores the clear need for increased transparency.



What is 340B?

The 340B Drug Pricing Program is a federal program established in 1992, which requires drug manufacturers participating in Medicaid to provide covered outpatient drugs to eligible healthcare providers, known as CEs, at significantly reduced prices. The decreases in drug costs allow CEs to stretch scarce federal resources to reach more eligible patients and provide more comprehensive services.

Contents

Limited oversight in a complex ecosystem 3

From stopping leakage to driving yield: GTN intelligence 4

Benefits of Model N and Truzo . . 5

Helping you meet this moment with trust, transparency, and accountability 6

[1] Adam J. Fein. "The 340B Program Hit $100 Billion in 2025: Has It Become Too Big to Reform?" Drug Channels. July 15, 2026.

© 2026 Model N, Inc. All rights reserved.

Limited oversight in a complex ecosystem

30%+

of 340B hospitals are linked to rebate claims flagged as likely being duplicative with 340B discounts.

Unfortunately, policies to foster transparency have not kept pace with the rapid expansion of 340B. Most contract pharmacy policies are limited, clinging to regulations introduced decades ago when the scale of the program was vastly different. Operating under these outdated policies limits visibility into one of the largest drivers of 340B purchases.

Analysis from economist and professor Dr. Neal Masia, based on Kalderos' (now part of Model N) data from 2022 to 2023, shows more than 30% of 340B hospitals are linked to what he calls "questionable rebates" — rebate claims flagged as likely duplicative with 340B discounts. While the fact that nearly a third of claims are likely duplicative is staggering, the actual size of the problem is much larger than what this small data window shows.

But 340B is not the whole story. It's one part, albeit the largest, of a constellation of pricing complexity rife with duplicate discounts. Manufacturers are feeling their way through a maze of additional government price-setting measures, such as the Maximum Fair Price under the Inflation Reduction Act, Most-Favored-Nation pricing, and pharmacy benefit manager reform. They are unable to see the risks ahead because the system is increasingly complicated and opaque.

Government price-setting measures explained



Most-Favored-Nation (MFN): A drug pricing policy set forth by the Trump administration that links U.S. prescription drug prices to the lowest net prices paid by peer developed nations, setting caps for Medicare, Medicaid, and direct-to-consumer models.



Maximum Fair Price (MFP): Part of the 2022 Inflation Reduction Act (IRA), which was passed to address escalating drug costs in the U.S. Under the IRA, the Centers for Medicare and Medicaid Services (CMS) negotiates reimbursement rates with manufacturers of certain high-cost, single-source drugs, setting an MFP. When negotiated drugs are dispensed to Medicare Part D beneficiaries, CMS will pay dispensing entities the MFP for the drug's cost, and manufacturers will pay the difference between the MFP and the drug's acquisition cost. MFPs for the first 10 negotiated drugs go into effect on January 1, 2026.



Pharmacy benefit manager (PBM) reform: Efforts proposed to change how PBMs, the intermediaries that manage prescription drug benefits for health plans and employers, operate to increase price transparency, ban hidden fees, and lower prescription drug costs.

© 2026 Model N, Inc. All rights reserved.

Now, this fragmented system has reached its breaking point, and the industry is taking urgent strides to rapidly implement changes. There is already a movement underway to increase gross-to-net (GTN) oversight by shifting to collecting data for all 340B claims, not just for contact pharmacies. Claims collection across all 340B purchases is becoming the foundation for greater transparency across the drug discount landscape.

Robust claims data is vital to reducing compliance risks. It helps eliminate uncertainty when detecting duplicate discounts and creates a consistent, standardized approach across programs that may use different methodologies. Furthermore, it allows for enhanced visibility, reducing duplicate discounts and revenue loss.

In the last year, manufacturer after manufacturer has required claims-level reporting, sparking legal challenges across the country.[2] However, the courts have affirmed time and time again that the law defends this level of data transparency and reporting. As the U.S. government sets its sights on a new 340B pilot program[3] and potential broader reforms[4] to the program writ large, there has never been a more important time to ensure that manufacturers are equipped with solutions to adapt to an ever-evolving system so that it works as intended for patients, not profits.

From stopping leakage to driving yield: GTN intelligence

As Dr. Masia notes, the vulnerabilities in the 340B ecosystem, "point to the potential for technology-enabled compliance solutions to reduce administrative burdens, protect manufacturer and taxpayer dollars, and improve program integrity." In other words, claims-level data is the best tool to make the current system work as well as it can, for all parties involved.

> "Infrastructure does not 'take sides' in policy debates; rather, it helps stakeholders apply existing rules more consistently, with less administrative burden. A more elegant, transparent, and collaborative solution to avoiding potential duplication could yield significant administrative savings while better aligning 340B with its intent."
>
> — Neal Masia, Ph.D., adjunct professor of economics and management, Columbia University

[2] Shannon Young. "Novartis 13th Drugmaker to Require In-House Claims Data." 340B Report. July 9, 2026.

[3] U.S. Department of Health and Human Services Health Resources and Services Administration. "HRSA Announces Revised 340B Rebate Model Pilot Program to Strengthen Care in Rural and Medically Underserved Communities." July 31, 2026.

[4] Abdie Santiago. "Senate and House Lawmakers Unveil Competing 340B Reform Proposals." Hyman, Phelps & McNamara. July 15, 2026.

© 2026 Model N, Inc. All rights reserved.

Enter Model N and Truzo.

truzo by Model N

Managing the intersection of drug pricing programs requires quality data and transparency between parties. Truzo enables pharmaceutical manufacturers, providers, and payers to come together, share data, and manage drug discounts across multiple programs, ultimately creating a single source of truth. The joint power of Model N and Truzo moves beyond a patchwork of point solutions to one integrated platform from contract to claim to payment, enabling control, coordination of benefits, and GTN intelligence.

With more than 100 million verified claims and a platform designed for this moment, Truzo can help manufacturers move from reactive firefighting to proactive design. Truzo's claims-level data collection helps unlock valuable insights across the complex drug discount landscape, allowing manufacturers to course-correct with confidence. Seamlessly marrying this data-collection power with Model N's broader insights across the revenue management cycle is the most effective solution for managing 340B moving forward.

Benefits of Model N and Truzo



Deterministic claims validation

Ingest, validate, and deduplicate 340B claims in real time to eliminate more than 75% of aberrant discounts.



Cross-platform intelligence

Access data and gain visibility into 340B, Medicaid, Medicare, and commercial programs all in one place.



Simplified covered entity experience

Accelerate implementation with a pre-onboarded ecosystem of more than 10,000 covered entities and a dedicated support team.



Rebate model direct payment facilitation

Readily calculate and facilitate rebate payments for 340B and MFP based on actual acquisition cost and settle them within seven days.

© 2026 Model N, Inc. All rights reserved.

Helping you meet this moment with trust, transparency, and accountability

The future of 340B — and other vital drug pricing programs — depends on a system built on trust, transparency, and accountability. Along with protecting GTN, manufacturers and CEs share a stake in protecting these lifelines and a responsibility to participate with integrity. Because without better visibility and collaboration, the system risks breaking down, hurting the very patients it was meant to serve.



Model N and Truzo provide the integrated platform required in this moment. Learn how Model N can help ensure transparency and accountability in your drug pricing programs.

modeln.com

© 2026 Model N, Inc. All rights reserved.

+1 (650) 610-4600 | info@modeln.com | modeln.com