



OFFICIAL STATEMENT

On Behalf of Sagebrush Health Services

Regarding Litigation Against Amgen Inc.

Sagebrush Health Services filed a lawsuit against Amgen Inc. in California Superior Court to recover more than \$7 million that Amgen wrongfully seized from our organization and to hold the company accountable for conduct that violated federal law and California state law.

The Facts

Sagebrush Health Services is a nonprofit healthcare provider serving more than 10,000 patients in Nevada and Connecticut, many of whom are low-income, uninsured, or medically underserved. Our clinics are federally certified as "covered entities" under the 340B Drug Pricing Program, which allows safety-net providers like us to purchase medications at discounted prices so we can reinvest the savings into patient care.

In 2024, Amgen unilaterally declared that our clinics did not qualify for 340B pricing. The company then took two actions: it refused to sell us discounted medications going forward, and it reached through drug wholesalers to claw back over \$7 million that we had already saved through legitimate 340B purchases between 2022 and 2024.

Amgen took these actions without any legal authority to do so. Only the Health Resources and Services Administration, an agency of the U.S. Department of Health and Human Services, has the power to determine 340B eligibility. HRSA certified our clinics as covered entities. HRSA has taken no action to terminate that status. Amgen simply decided to overrule the federal government.

What the Law Requires

If a drug manufacturer believes a covered entity is improperly participating in the 340B program, federal law provides a specific process: the manufacturer may request a HRSA-approved audit, and if disputes remain, the manufacturer must use the mandatory Administrative Dispute Resolution process overseen by HRSA.

Amgen did not request an audit. Amgen did not file an ADR petition. Instead, Amgen acted as judge, jury, and executioner, taking more than \$7 million from a nonprofit healthcare provider without following any of the procedures that federal law requires.

Amgen Knew It Had No Authority

What makes Amgen's conduct particularly troubling is that the company knew it lacked the authority to do what it did. In a letter to the United States Senate, Amgen's own attorneys at King & Spalding wrote that "the 340B program is not designed to permit even this modest level of manufacturer oversight" and that drug manufacturers "are not equipped or permitted to police compliance."

Amgen also admitted to Congress that it "has not undertaken an internal audit specific to the company's participation in the 340B program in the past five years." After five years of taking no enforcement action against any covered entity, Amgen suddenly decided to target Sagebrush, a small nonprofit serving patients seeking STI treatment.

The contradiction is stark: Amgen told Congress it cannot police compliance, then turned around and did exactly that to us.

The Impact on Our Patients

Amgen's actions caused immediate and severe harm. By directing wholesalers to reverse our chargebacks, Amgen triggered a cascade of consequences: the wholesalers placed holds on all our orders, refused to sell us any medications from any manufacturer until we paid the clawback amounts, and reduced our credit lines.

We were forced to return medications we had already purchased. We were forced to pay \$56,500 in interest charges. Most importantly, we were forced to reduce patient services at a time when STD rates are rising across the country and our patients need us most.

The over \$7 million Amgen seized was not profit. It was funding for free STD testing, prevention programs, and care for immunocompromised patients. That money came from the 340B program and, under federal law, belonged to us to reinvest in our mission.

The Federal Government's Position

In March 2025, the U.S. Department of Health and Human Services affirmed our position as a covered entity during federal court proceedings. This directly contradicts Amgen's unilateral determination and confirms what we have maintained from the beginning: we are a legitimate 340B participant, and Amgen had no right to take our savings.

What We Are Seeking

Our lawsuit asserts five causes of action under California law: conversion, intentional interference with contract, intentional interference with prospective economic advantage, violation of Penal Code Section 496 (receipt of stolen property), and violation of the Unfair Competition Law. We are seeking:

- Full restitution of the over \$7 million Amgen wrongfully took, plus interest
- Treble damages as provided by California Penal Code Section 496
- Punitive damages to punish Amgen and deter similar conduct
- Declaratory and injunctive relief to prevent Amgen from continuing these practices
- Attorneys' fees and costs

Why This Matters Beyond Sagebrush

This case is not just about Sagebrush. More than 3,500 Section 318 grantees across the country provide healthcare to hundreds of thousands of vulnerable Americans under the 340B program. If a \$157 billion pharmaceutical company can bypass federal procedures, appoint itself as the arbiter of 340B eligibility, and seize millions of dollars from a small nonprofit with impunity, then every safety-net provider in America is at risk.

We did not seek this fight. We exhausted every option to resolve this dispute without litigation. But Amgen left us no choice. We will not allow a company with Amgen's resources to bully safety-net providers into submission, and we will not stand by while our patients suffer the consequences of Amgen's unlawful conduct.

Our Commitment

Sagebrush Health Services remains fully committed to our mission of providing essential healthcare to underserved communities. We will continue serving our patients throughout this litigation. We are confident in the strength of our legal position and in the righteousness of our cause.

We look forward to our day in court.

Guru Charan

Founder and Chief Executive Officer
Sagebrush Health Services

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