Vol. 70, Issue 44
Thursday, November 5, 2026

CMS Issues Final 2027 Outpatient Rule with Site-Neutral and 340B Cuts

On Nov. 4, the Centers for Medicare & Medicaid Services (CMS) issued its final 2027 Outpatient Prospective Payment System (OPPS) Rule.

The rule includes a modest increase in overall rates of 2.3% compared to 2026 after a 3.2% market basket update is offset by a 0.9% productivity cut. WHA, in its comment letter, had expressed concerns that these payment updates have not been keeping up with true hospital inflationary expenses for years, creating a dynamic where Wisconsin hospitals are losing more than $3.6 billion annually compared to what it costs them to provide care for Medicare patients.

A significant concern in the rule are changes to the 340B prescription drug discount program. CMS had proposed reducing Medicare reimbursements for 340B prescriptions from average sales price (ASP) + 6 % to ASP - 33.4%, leading to a projected cut of $138 million for Wisconsin's 340B hospitals. In the final rule, CMS revised the reimbursement reduction to ASP - 28%, basing this revised payment rate on 340B ceiling price data received from the Health Resources and Services Administration rather than the results of the drug acquisition cost survey the agency conducted earlier this year. CMS will implement this reduction in a budget-neutral manner, meaning it will increase overall payments for non-drug items and services by 7.5%.

WHA is coordinating with the American Hospital Association and urging Members of Wisconsin's Congressional Delegation to work to reverse these cuts.

The final rule also implements the accelerated 340B clawback proposed by CMS that was caused by their unlawful cuts to 340B hospitals in the 2018 OPPS rule. They will do this by increasing the annual OPPS conversion-factor reduction from 0.5% to 2% beginning in CY 2027. The full $7.8 billion is expected to be recouped by 2031, rather than the previous CMS plan to recoup the full amount by 2042 approved in an earlier outpatient rule.

Additionally, the final rule includes so-called "site-neutral" cuts to payments for imaging without contrast services provided in off-campus hospital outpatient departments. WHA estimates these cuts will reduce Medicare reimbursements by another $3.4 million to Wisconsin hospitals. Separately, the rule finalizes a requirement that by Jan. 1, 2028, prospective payment system hospitals must obtain a separate national provider identifier for each of their off-campus outpatient departments and attest to compliance with the provider-based rules in order to bill under the OPPS as an off-campus provider-based department.

You can find more information on these and other policies in the final rule here.

IN THIS ISSUE

- President’s Column: When the Minority Party Gains the Majority
- CMS Issues Final 2027 Outpatient Rule with Site-Neutral and 340B Cuts
- Last Chance to Register for the Annual Hospital Board of Directors’ Education Event
- Southwest Health Receives 2026 Global Vision Community Partnership Award
- Strengthening Care Transitions for People with Substance Use Disorders (SUD)

EDUCATION EVENTS

Nov. 12, 2026
WHA 2026 Wisconsin Health Care Workforce Webinar Series - Part 4: Beyond Contract Labor - Modern Blueprint for a Flexible, Sustainable Workforce

Nov. 17, 2026
Hospital Board Education

Jan. 26, 2027
2027 WHA Health Care Leadership Academy