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Trump's Drug Pricing Executive Order Could Impact 340B Hospital and Off-Campus HOPD Reimbursement

On April 15, the White House unveiled an executive order (EO) entitled "Lowering Drug Prices by Once Again Putting Americans First." The order includes various strategies the Trump Administration intends to use to lower the cost of prescription medications.

In terms of provisions notable for hospitals, the order appears to target reimbursements for 340B hospitals by requiring the Department of Health and Human Services (HHS) to carry out an acquisition cost survey for covered outpatient drugs at hospital outpatient departments within 180 days. The agency would then have to propose any appropriate adjustments aligning Medicare payment, consistent with budget neutrality requirements.

In its 2018 outpatient payment rule, the first Trump Administration had cut reimbursements to 340B hospitals by about 30%, but the U.S. Supreme Court ultimately ruled in 2022 that HHS acted unlawfully because it had not undergone the statutory requirement of a survey on hospitals' acquisition cost of 340B drugs.

The EO also requires HHS to evaluate and propose regulations to ensure Medicare is not encouraging a shift in drug administration volume away from physician office settings to hospital outpatient departments. Similar concerns were used to justify the 2023 Lower Costs, More Transparency Act, which would have required Medicare to reimburse off-campus hospital outpatient departments at the physician fee schedule level for drug administration services. Such a policy would lower Medicare reimbursements for WI hospitals by an estimated \$114 million over 10 years. That legislation passed the House in 2023 but was never taken up by the Senate.

WHA will be closely following developments that impact hospitals related to this EO. Contact WHA VP Federal and State Relations Jon Hoelter with questions.