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WHA Expresses Concern Over Cuts to WI Hospitals in 2027 Outpatient Rule

On Aug. 31, WHA expressed concerns to the Centers for Medicare and Medicaid Services (CMS) over various policies that are projected to reduce overall outpatient Medicare reimbursements to Wisconsin hospitals in CMS's proposed 2027 Outpatient Prospective Payment System (OPPS) Rule.

While CMS is proposing a modest market basket increase of 3.2%, after a -0.8% productivity adjustment and cuts to 340B reimbursements as well as certain services provided in off-campus hospital outpatient departments, Wisconsin hospitals are projected to see Medicare reimbursements that are $32 million lower compared to 2026. WHA cautioned that hospitals are seeing cost increases that are growing significantly faster than the prices they are reimbursed for, while also dealing with an aging state where more people are leaving commercial insurance and joining Medicare every year. This creates mounting losses for hospitals due to Medicare paying an average of 74% of what it costs Wisconsin hospitals to care for Medicare patients.

One of the significant contributors to these losses in the proposed rule is proposed cuts to hospitals' 340B reimbursements. First, CMS is inexplicably proposing to accelerate the recoupment from hospitals caused by their unlawful cuts to 340B hospitals in the 2018 OPPS rule. Instead of recouping these funds from 2026-2042, CMS is now proposing to fully recoup payments by the end of 2029, leading to a cut of $2.3 billion for all PPS hospitals in 2027. WHA expressed concerns that this exemplified the unpredictable environment hospitals are expected to operate, making it challenging to plan budgets while the rules continue to change.

Secondly, CMS is now proposing to apply a cut to 340B reimbursements in the manner they argue is allowed by federal statute, but also not recognizing that doing so would undermine the very goals of the 340B statute, "to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services." CMS proposes cutting reimbursements from ASP + 6 % to ASP - 33.4%, leading to a projected cut of $138 million for Wisconsin's 340B hospitals.

"How can hospitals stretch scarce resources if the federal government, which already reimburses Wisconsin hospitals only about 74% of what it costs them to provide care to Medicare patients, is using this provision to further erode 340B hospital financial resources?" asked WHA President and CEO Kyle O'Brien in WHA's comment letter.

In addition to these cuts, CMS is again proposing site-neutral cuts, this time, to certain imaging services at off-campus hospital outpatient departments (HOPDs). These cuts are projected to reduce Medicare reimbursements by another $3.4 million to Wisconsin hospitals. Additionally, CMS is proposing to implement a new attestation process for off-campus HOPDs as required under the Consolidated Appropriations Act of 2026. While WHA praised CMS for proposing to implement as much of the existing voluntary attestation in a way that minimizes additional red tape, WHA also cautioned that the overall process would add to hospitals' regulatory burden in a way that does not provide meaningful benefit to taxpayers, given that existing Medicare billing already provided the same information, just in another manner.

CMS is also requesting feedback on potential updates to the Hospital Price Transparency Rule. WHA cautioned against proposals that could jeopardize the ability for hospitals to be deemed compliant with the shoppable services requirement if they utilize patient-friendly price estimator tools.

"Removing deemed compliance for these tools would be a step backward for patients," said O'Brien. "Price estimator tools are more user-friendly than static shoppable services files and provide information patients are seeking, including expected out-of-pocket costs," he added.

WHA also made comments on CMS's proposed quality changes, offering support for CMS's proposed changes to electronic clinical quality measure validation, and encouraging CMS to focus on those outpatient encounters and patient populations for whom advance care planning is most clinically relevant and meaningful.

You can read WHA's full comment letter here.

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