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Thursday, September 18, 2025

WHA Urges CMS to Abandon Concerning Site-Neutral and 340B Provisions in Proposed Outpatient Rule

On September 15, WHA expressed its opposition to concerning site-neutral and 340B provisions contained in the Centers for Medicare and Medicaid Services (CMS) proposed 2026 outpatient rule.

CMS is proposing to pay previously grandfathered off-campus hospital outpatient departments at the "site-neutral" physician clinic rate for drug administration services. Moving forward with this proposal would lead to an estimated \$7 million cut to Wisconsin hospitals in 2026, or around \$90 million over the next 10 years.

"This proposal fails to recognize that long-standing Medicare payment policy was designed to pay higher rates at hospital outpatient departments (HOPDs) because they are an extension of hospitals that have been shown to treat sicker, more vulnerable patients," said WHA President and CEO Kyle O'Brien.

WHA also took issue with a couple concerning 340B provisions that would accelerate 340B claw backs caused by CMS illegally attempting to pay 340B hospitals a reduced reimbursement rate for 340B covered prescription drugs. This would require hospitals to fill out a burdensome drug acquisition cost survey so that it could again attempt at lowering reimbursements to 340B hospitals in a way that undermines the very spirit of the 340B program - to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.

In addition to these areas, WHA also made comments:

- Expressing concern with proposals by CMS to increase the reporting burden on hospitals with new price transparency provisions that are unnecessary since third-party groups are already able to aggregate and analyze hospitals' machine-readable files to obtain the data CMS is requesting.
- Expressing concern with the proposal to eliminate the inpatient only list over 3 years, which could create patient quality issues and place further strain on hospitals.
- Urging CMS to take a more incremental approach with changes to its hospital quality star ratings program.
- Opposing CMS's proposal to use Medicare Advantage Organizations' Median Rates to calculate fee-for-service rates.

[Read WHA's full comment
letter](#)

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