ASANTE®

August 26, 2026

The Honorable Mehmet Oz
Administrator
Centers for Medicare & Medicaid Services

Submitted via Regulations.gov

Re: CMS-1850-P, CY 2027 Hospital Outpatient Prospective Payment System Proposed Rule

Dear Administrator Oz:

We are writing on behalf of Asante to formally comment on the Centers for Medicare & Medicaid Services' Calendar Year (CY) 2027 Hospital Outpatient Prospective Payment System (OPPS) Proposed Rule, specifically the proposal to reduce reimbursement for drugs acquired through the 340B Drug Pricing Program from the current rate of Average Sales Price (ASP) plus 6 percent to ASP minus 33.4 percent.

Asante respectfully urges that CMS withdraw this proposal entirely.

Asante is a regional health system serving patients throughout southern Oregon and northern California. Our two hospitals provide advanced specialty and cancer care for a large rural service area where patients often travel significant distances, nearly 300 miles to access treatment.

For our organization, the proposed reduction would result in an estimated **$38.5 million annual loss**, with approximately **95 percent of the impact concentrated in cancer services**. The additional acceleration of the 340B remedy offset, described below, would result in an additional **$6 million per year**, meaning that total financial impact of this change resulting from these two policy shifts will be **$44.5 million**.

If this proposal becomes final, it will harm cancer patients and undermine access to life-saving care across rural and underserved communities. To add perspective, Asante is a $1.5 billion net revenue system with hopes of breaking even in fiscal year 2027, thus a $44.5 million loss of revenue would yield a negative -3.00% margin.

The Proposal Is Inconsistent with the Congressional Purpose of 340B

Congress created the 340B Drug Pricing Program in 1992 to enable safety-net providers to "stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services."[1]

The essential purpose of 340B has never been to align Medicare reimbursement with hospital drug acquisition costs. Rather, Congress intentionally created a mechanism through which covered

[1] H.R. Rept. No. 102-384(II), at 12 (1992).

Asante Public Affairs
731 Black Oak Drive
Medford, Oregon 97504

entities could generate savings and reinvest those resources into patient care, access initiatives, and services for vulnerable populations.

By basing reimbursement on a survey-derived acquisition cost and reducing payment to ASP minus 33.4 percent, CMS effectively redefines the purpose of the program. The result is a substantial reduction in the very resources Congress sought to provide to hospitals serving low-income, rural and medically underserved communities.

The Proposal Does Not Reduce Drug Prices

CMS has justified the proposal as a means of aligning reimbursement with acquisition costs and generating Medicare savings. However, the proposal does not reduce the underlying cost of prescription drugs, nor does it require pharmaceutical manufacturers to absorb any portion of the reduction.

Importantly, because OPPS operates under budget neutrality requirements, the proposal is not a straightforward federal savings initiative. CMS has acknowledged that payment reductions associated with 340B-acquired drugs will be redistributed through increased payments for other OPPS services and providers.

Accordingly, this proposal is best characterized as a **redistribution of resources away from 340B hospitals** rather than a true reduction in national healthcare spending. Hospitals that serve a disproportionate share of vulnerable patients and rely heavily on oncology and specialty drug services will experience significant net losses, while other providers will benefit from corresponding payment increases.

The Impact on Oncology Care Will Be Severe

For Asante, the most troubling aspect of the proposal is its disproportionate effect on cancer care.

Nearly all of the projected financial impact to our system would occur within oncology services. Cancer treatment relies on high-cost infused drugs and biologic therapies that require specialized oncology infusion infrastructure, highly trained clinical teams, and ongoing patient monitoring. These therapies are reimbursed through the OPPS, making oncology programs uniquely exposed to the proposed payment reductions and bear a uniquely large share of the proposed reduction.

Reductions of this magnitude threaten the financial sustainability of community-based cancer programs, infusion centers, supportive oncology services, patient navigation programs, and other resources that help patients receive treatment close to home.

For patients in southern Oregon and northern California, diminished local oncology capacity would likely mean:

- Longer travel distances for treatment.
- Delays in receiving chemotherapy and other critical therapies.
- Reduced access to specialists and clinical support services.
- Increased financial burdens on rural patients and families.

- Greater difficulty recruiting and retaining oncologists and specialized cancer-care staff.

These outcomes are directly contrary to CMS' longstanding goals of promoting access, improving outcomes and reducing disparities in care.

The proposal is particularly concerning because rural cancer patients already face significant barriers to care. Any policy that weakens the financial foundation of regional oncology programs risks worsening existing disparities and creating new obstacles for patients who often have no reasonable alternative source of care.

CMS Should Reconsider Reliance on the Acquisition Cost Survey

CMS proposes to rely on data from its Outpatient Drug Acquisition Cost Survey to support the reimbursement reduction. However, FY2027 OPPS notes that that the survey achieved participation from only a minority of eligible 340B hospitals – around 28.6% - raising legitimate questions regarding representativeness and potential nonresponse bias.[2]

A reimbursement reduction of this magnitude should be supported by data that is demonstrably representative of the hospitals that will bear its consequences. Before finalizing the proposal, CMS should further evaluate whether the survey results accurately reflect acquisition costs across the full spectrum of 340B hospitals, including rural providers, safety-net hospitals and institutions with substantial oncology programs.

CMS Should Not Accelerate the 340B Remedy Offset

Asante is also concerned by CMS' proposal to accelerate the budget neutrality offset associated with prior 340B remedy payments from 0.5 percent annually to 3 percent annually. The accelerated recoupment, which would increase the financial impact by an additional **$6 million dollars per year**, would compound the financial pressures imposed by the proposed payment reduction and create additional instability for hospitals already facing workforce shortages, inflationary pressures, and growing uncompensated care burdens.

Cumulative Impact on 340B Hospitals

CMS should also consider this proposal in the broader regulatory environment facing 340B covered entities. At the same time that CMS is proposing significant reductions in reimbursement for 340B-acquired drugs, hospitals are also preparing for implementation of other major 340B policy changes, including HRSA's recently announced 340B Rebate Model Pilot.

While that initiative falls outside the scope of this rulemaking, the combined effect of these policies will significantly increase administrative complexity, cash flow challenges, operational burdens, and financial uncertainty for safety-net providers. For hospitals that serve rural and medically

[2] https://www.federalregister.gov/documents/2026/07/07/2026-13656/medicare-program-hospital-outpatient-prospective-payment-and-ambulatory-surgical-center-payment

underserved communities, layering multiple significant changes onto the 340B program simultaneously heightens the risk of unintended consequences for patient access to care.

Recommendations

For the reasons outlined above, Asante respectfully urges CMS to:

1. Withdraw the proposal to reimburse 340B-acquired drugs at ASP minus 33.4 percent.
2. Maintain the current reimbursement methodology for 340B-acquired drugs.
3. Conduct comprehensive rural access analyses before implementing any payment reduction.
4. Conduct specific oncology access analyses assessing impacts on cancer care delivery and patient outcomes.
5. Evaluate and publish the effects of the proposed budget-neutral redistribution.
6. Reconsider the proposal to accelerate the 340B remedy offset from 0.5 percent to 3 percent annually.

Conclusion

Congress created the 340B program to strengthen the nation's healthcare safety net and allow providers to stretch scarce resources in service of vulnerable patients. The CY 2027 OPPS proposal moves in the opposite direction. It does not lower drug prices, does not require pharmaceutical manufacturers to contribute to savings, and does not meaningfully reduce overall Medicare spending. Instead, it shifts resources away from hospitals that care for rural, low-income and medically underserved populations.

For Asante, the proposal would remove approximately $44.5 million annually from patient care resources, with nearly all of the loss concentrated in oncology services. The ultimate consequence will not be lower drug prices. It will be reduced access to cancer care for the very patients Congress intended the 340B program to support.

We respectfully urge CMS to withdraw the proposed reimbursement reduction and preserve the ability of 340B hospitals to continue providing comprehensive, local cancer care to rural and underserved communities.

Sincerely,

Kristen Roy
Chief Public Affairs Officer
Asante

David Jacobson
Public Affairs
Asante