Congress of the United States
Washington, DC 20515

The Honorable Mehmet Oz
Administrator
Centers for Medicare & Medicaid Services
200 Independence Avenue SW
Washington, D.C. 20201

August 31, 2026

Dear Administrator Oz,

We write today to leave a public comment on the Calendar Year 2027 Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Proposed Rule (CMS-1850-P). We have serious concerns about the financial implications for our safety net hospitals that could subsequently disrupt New Yorkers' access to care.

The 340B program provides essential drug discounts to safety net hospitals in New York and across the country. Unfortunately, this year's annual proposed rule to adjust Medicare payment rates includes a significant reduction in hospital reimbursements for 340B drugs. Specifically, it reduces the reimbursement for 340B drugs from the current average sales price (ASP) plus 6% to ASP minus 33.4%. This represents a nearly 40% reduction in payments to safety net hospitals that utilize the 340B program.

Such a precipitous drop in reimbursement payments creates significant financial uncertainty for the providers 340B seeks to bolster. In New York, this change will result in an estimated cut of hundreds of millions to 340B hospitals annually. Safety net hospitals that utilize 340B already operate under extremely difficult financial circumstances and many don't have the resources to compensate for the reductions in revenue on 340B drug payments. Our principal concern is that this steep payment change could ultimately impact their ability to maintain services and jeopardize access to care for patients.

While we appreciate that the proposal will result in increased outpatient payment rates across all provider types, including safety net hospitals, the revenue reductions for safety net hospitals will almost certainly outweigh the benefit of the broader payment increases. Money will come from 340B hospitals, and the benefits will be redistributed across the health care system as a whole. While we're supportive of broader payment increases to outpatient providers of all types, this policy will disproportionately shift resources away from safety net hospitals and the vulnerable populations that rely on them.

Any rule must ensure that safety net facilities can continue to operate and provide essential care in our communities. We urge CMS to seriously reconsider this rate reduction prior to finalizing the CY 2027 rule.

Thank you for your time and attention to this important matter. We look forward to hearing back.

Sincerely,

Michael V. Lawler
Member of Congress

Andrew R. Garbarino
Member of Congress

Nicholas A. Langworthy
Member of Congress

Claudia Tenney
Member of Congress

Nicole Malliotakis
Member of Congress

Nick LaLota
Member of Congress