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CMS Finalizes Remedy for 340B Hospital Backpay

CMS Assuages Hospitals with 2026 Non-Drug Haircut (vs. 2025)

Relevant Companies



From 2018 through September 27 of 2022, CMS paid a lower rate (generally ASP less 22.5 percent) to certain hospitals for drugs acquired through the 340B discount program. In the final CMS rule issued this evening ([here](#)), CMS addresses their remedy for the 340B payments to impacted entities.

»» Our Take & Next Up

Consistent with proposal, CMS will make one-time lump sum payments to 340B covered entities by taking non-drug payments from publicly traded and other non-340B entities (2026+). This amount is calculated as the difference between what the hospitals were paid for 340B drugs during the relevant time period (CY 2018 through 3Q22) and what they would have been paid if 340B payment policy had not been applied. The lump sum payments will not affect beneficiary cost sharing. We note that publicly traded hospitals would be on the giving end of the \$8 B (over 16 years), to 340B entities whose pay was curtailed by ASP-22% from 2018-2022.

»» Key Points

CMS updated the start date for -0.5% adjustment from 2025 (proposed) to CY 2026 (final), for reduced...

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[Contact team@capitol-street.com](mailto:contactteam@capitol-street.com)

Ipsita Smolinski
Managing Director | Capitol Street
ipsita@capitol-street.com

202.250.3741 | www.capitol-street.com

900 19th St NW 6th Fl
Washington, D.C. 20006

CAPITOL STREET