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Payer Perspectives

Medicare & Medicaid
July 2026

Looking Beyond 340B Reform: Market Signals Shape Oncology Access*

How will providers, health systems, and payers respond to the recent ASCO position statement on 340B and CMS proposed changes to hospital outpatient reimbursement?

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340B has moved from a background reimbursement mechanism to a flash point of policy activity, and the events of the past 2 months illustrate why. In May 2026, ASCO issued its first update to its 340B policy statement since 2014, proposing an indigent care ratio framework that would extend eligibility to community-based and non-hospital–affiliated oncology practices while tightening transparency and accountability requirements for existing covered entities.[1] The proposal also expands eligibility for independent oncology practices alongside stricter oversight to make sure the savings reach truly underserved patients.

CMS Raises the Stakes

Weeks after the ASCO proposal, Centers for Medicare & Medicaid Services (CMS) raised the stakes considerably. The agency's proposed Calendar Year (CY) 2027 Hospital Outpatient Prospective Payment System (OPPS) rule would cut Medicare reimbursement for 340B-acquired drugs by nearly 40%, proposing to pay for 340B-acquired drugs at the drug's average sales price (ASP) minus 33.4%, a change CMS estimates would reduce Original Medicare drug payments by $4.55 billion and beneficiary drug payments by $1.15 billion in the first year alone.[2] The CMS OPPS rule also accelerates recovery of the disputed 340B payment cuts from 2018 to 2022; CMS is proposing to revise the annual offset percentage applied to non-drug items and services from 0.5% to 3% effective CY 2027, a change it estimates would complete recoupment by CY 2029 rather than the previously projected CY 2041.[3] Because the offset must remain budget-neutral, CMS non-drug OPPS payments would rise as a compensation; this effectively becomes a reallocation of dollars across the reimbursement system rather than a flat loss.

Providers Are Pushing Back

Provider response has been immediate and unambiguous. The Association of American Medical Colleges (AAMC) called out the cuts to hospital outpatient reimbursement, reduction in 340B drug reimbursement, and accelerated recoupment timeline changes as a rule that will have "devastating and enduring effects on access to care for patients across the country."[4] The American Hospital Association (AHA) argued the accelerated clawback would "punish 340B hospitals for CMS' own error in implementing a policy that a unanimous Supreme Court held to be unlawful," warning that the proposals would undermine the ability of US hospitals to maintain essential services in underserved communities.[5] Far from being procedural, these objections signal that safety-net and academic health systems are already modeling service-line and site-of-care consequences well ahead of the rule's finalization.

The signal here matters more than the policy text itself. CMS is simultaneously expanding site-neutral payment policies to additional imaging services, aiming to pay hospital outpatient departments the equivalent Medicare Physician Fee Schedule rate, rather than the higher facility rate.[6] This is a second, compounding pressure on hospital-based oncology economics layered directly on top of 340B reform.

It's worth remembering how we got here; 340B eligibility formula traces back to specific language written into the original legislation to benefit specific hospitals. Since then, the program's footprint has expanded well beyond the original design from: 1) qualifying hospitals to affiliated physician practices; 2) infused drugs to oral drugs; and 3) contract pharmacy arrangements to retail chains. This history helps explain both why the margin opportunity became so large for covered entities and why ASCO's own committee, CMS, and group provider organizations (GPOs) are now in open disagreement about who the savings should reach.

Taken together, the ASCO statement and the CMS proposal describe 2 different visions of who should benefit from drug-acquisition savings and where cancer care should be delivered. Health systems must now decide how much the reimbursement structure was subsidizing their current service-line footprint and what to do about it.

What This Means for Market Access

There are going to be big ripples:

- GPOs will evaluate which infrastructure and service lines they can no longer support due to the diminished 340B margin
- Independent and community oncology groups will weigh whether ASCO's proposed indigent care ratio creates a credible new eligibility pathway for them to pursue
- Payers will recalibrate utilization management and site-of-care policy in anticipation of the shifting referral patterns

Each of these responses will determine where patients are treated, which sites remain financially viable, and how quickly commercial and access strategies need to adapt, which will have to be well before the CY 2027 rule is finalized. Comments on the proposed rule are due by August 31, 2026, and the final rule's provisions will likely diverge from this draft in consequential ways.

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At Payer Sciences, we model these policy shifts before they become commercial reality. As providers, health systems, and payers adjust their behavior, we have a platform that quantifies the downstream effects on access, utilization, contracting, and net revenue. Our platform, the GTN Revenue Simulator™, turns these open questions into modeled outcomes before the rule ever finalizes. We are already translating projected OPPS impacts into break-even rebate levels and payer-specific coverage valuations.

We are activating HCP-level targeting so clients know where expected share and growth will shift as reimbursement changes take hold. We are giving life sciences organizations a living model that recalibrates with each market event, so today's proposed rule becomes tomorrow's contracting advantage rather than a scramble against the upcoming effective date.

The final version of that rule won't take effect until January 1, 2027. In the meantime, the market has already begun formulating its response.

*A note on this perspective: Payer Sciences' own John Hennessy was a coauthor on the ASCO policy statement published in *JCO Oncology Practice*.[1] This gives us a closer vantage point than most on how the recommendations came together: the eligibility questions the committee wrestled with and the accountability provisions built in response to well-documented concerns about where 340B savings actually end up. We're launching Payer Perspectives to connect the policy work happening at the table with what it means for our clients and the organizations navigating the aftermath.

References

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