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Court Voids 340B Payment Cut; With More to Come, Hospitals Are Advised to Use Modifiers

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Medicare's 2018 steep payment cuts to 340B drugs were thrown out Dec. 28 by a federal court, which ruled that CMS overstepped its authority. Hospitals should continue to report 340B modifiers on their claims while the details get sorted out, experts say. The decision also may be appealed.

The U.S. District Court for the District of Columbia granted a motion for a permanent injunction sought by the American Hospital Association, the Association of American Medical Colleges, America's Essential Hospitals and several nonprofit hospitals, which filed a lawsuit against HHS seeking an end to the 340B drug reimbursement cuts and repayment of the money that hospitals have lost so far. Judge Rudolph Contreras agreed that hospitals deserve relief, but he ordered the parties to submit briefs in 30 days on how to provide relief without wreaking havoc on the outpatient prospective payment system (OPPS).

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