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September 15, 2025

Mehmet Oz, MD

Administrator

Centers for Medicare and Medicaid Services

U.S. Department of Health and Human Services

200 Independence Avenue SW

Washington, DC 20201

Submitted electronically via www.regulations.gov

RE: Medicare and Medicaid Programs: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems; Quality Reporting Programs; Overall Hospital Quality Star Ratings; and Hospital Price Transparency

Dear Administrator Oz,

Established in 1943, the American Academy of Allergy, Asthma & Immunology (AAAAI) is a professional organization with more than 7,000 members in the United States, Canada and 72 other countries. This membership includes allergist/immunologists (A/I), other medical specialists, allied health and related healthcare professionals—all with a special interest in the research and treatment of patients with allergic and immunologic diseases. In the paragraphs that follow, we provide feedback on CMS' proposed method to control unnecessary increases in the volume of outpatient services furnished in excepted off-campus provider-based departments (PBDs).

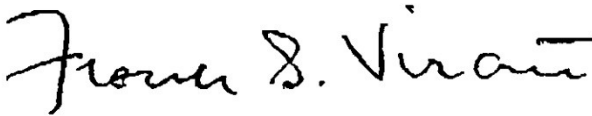
AAAAI supports CMS' proposal to apply site-neutral payment rates to drug administration services furnished in excepted off-campus PBDs, with the exception of rural Sole Community Hospitals. As CMS explains in the rule, utilization of these services grew by 64 percent between 2011 and 2023, a trend closely tied to the significant payment differential between the physician office and the hospital outpatient department (HOPD). We agree with CMS that “...if there was not a difference in payment rates, fewer of these services would have shifted to the hospital outpatient setting and the corresponding increase in Medicare payments and beneficiary cost-sharing would not have occurred.”

(More)

These payment differentials have also helped drive vertical integration and consolidation within healthcare, encouraging *“the practice of hospitals purchasing freestanding physician practices and converting the billing from the PFS to higher paying OPD visits,”* as CMS noted when it first applied site-neutrality to clinic visits. While the differential for drug administration services has played a role in this consolidation, the more powerful incentive is the substantial margins hospitals realize on the medications themselves. Hospitals that obtain steep discounts through the 340B program can generate considerable profits when billing Medicare at full payment rates, making the drug margin a far greater driver than the administration fee alone. In tandem with this policy, ***we urge CMS to propose reforms that would improve transparency and accountability in the 340B program.***

We appreciate the opportunity to provide comments on the aforementioned issues of importance to our members. Should you have any questions, please contact Sheila Heitzig, Director of Practice and Policy, at sheitzig@aaaai.org or (414) 272-6071.

Sincerely,

A handwritten signature in black ink that reads "Frank S. Virant". The signature is written in a cursive, flowing style.

Frank S. Virant, MD FAAAAI
President, American Academy of Allergy, Asthma & Immunology