HEALTH CAPITAL Topics
Volume 18
Issue 12
December 2025
Jessica L. Bailey-Wheaton, Esq., Editor
Todd A. Zigrang, MBA, MHA, FACHE, CVA, ASA, ABV, Publisher

CMS Publishes 2026 OPPS Final Rule

On November 21, 2025, the Centers for Medicare & Medicaid Services (CMS) released its Calendar Year (CY) 2026 Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Payment System Final Rule, affecting approximately 4,000 hospitals and 6,000 ASCs.[1] The rule finalizes payment updates, policy reforms, and transparency requirements that will impact hospital and ASC operations beginning January 1, 2026. This Health Capital Topics article discusses the key OPPS changes and updates included in the Final Rule.

Payment Rate Updates

For 2026, CMS finalized a 2.6% payment rate increase for hospital outpatient departments (HOPDs) and ASCs meeting quality reporting requirements.[2] This update is based on a hospital market basket increase of 3.3%, reduced by a 0.7% productivity adjustment.[3] This represents a modest improvement from the proposed 2.4% increase.[4] CMS finalized the HOPD conversion factor at $91.415 and the ASC conversion factor at $56.322.[5] Total 2026 payments to HOPDs and ASCs are anticipated to reach approximately $101.0 billion and $9.2 billion, respectively, increases of approximately $8.0 billion and $450 million from 2025.[6]

Elimination of the Inpatient-Only List

CMS finalized its proposal to phase out the inpatient-only (IPO) list over the next three years, beginning with the removal of 285 (predominantly musculoskeletal) procedures in 2026.[7] The agency asserts that advances in medical practice now allow many procedures to be performed safely on an outpatient basis with shorter recovery times, giving physicians greater flexibility in determining the clinically appropriate site of service and potentially reducing beneficiary out-of-pocket costs.[8]

ASC Covered Procedures List Expansion

The Final Rule includes one of the largest expansions of the ASC Covered Procedures List (ASC-CPL) in Medicare history. CMS revised the criteria for adding procedures to the ASC-CPL giving physicians more decision-making power and rendering it easier to add procedures. The changes resulted in the addition of 289 procedures to the ASC-CPL.[9] CMS also added 271 codes that were removed from the IPO list for 2026 to the ASC-CPL, totaling 560 newly covered procedures.[10] Significant additions include cardiovascular codes, spine codes, and vascular codes.[11]

340B Recoupment Policy

CMS declined to finalize its proposal to accelerate the 340B recoupment timeline from 0.5% to 2.0% annually., and instead will maintain the previous 0.5% annual reduction to the OPPS conversion factor for 2026.[12] As discussed in a previous Health Capital Topics article, this recoupment policy stems from increased payments that all OPPS hospitals received under the 340B program 2018 and 2022, resulting from CMS's budget-neutral policy to reduce payments to 340B-covered entities, which the U.S. Supreme Court unanimously struck down in *American Hospital Association v. Becerra*.[13] Critically, while CMS declined to accelerate the recoupment for 2026, the agency explicitly stated that hospitals should anticipate larger reductions, potentially up to 2%, beginning in 2027,[14] creating ongoing uncertainty for hospital financial planning.

Drug Acquisition Cost Survey

In one of the OPPS Final Rule's most consequential provisions, CMS finalized its proposal to conduct a comprehensive survey of hospital acquisition costs for separately payable drugs under the OPPS.[15] The survey will be conducted promptly, between late 2025 and early 2026, with results compiled and used to inform payment rate setting for separately payable drugs in the 2027 OPPS rulemaking.[16] This survey represents a critical step in CMS's efforts to establish payment rates based on actual acquisition costs rather than average sales price methodologies.

The survey generated substantial concern among hospital stakeholders, particularly 340B-covered entities. While CMS acknowledges that the statute does not explicitly mandate specific consequences for hospitals that fail to respond to the survey, the agency indicated it may interpret non-responses as meaningful data that could inform payment decisions. CMS suggested it might consider a hospital's failure to respond as confirmation that the facility does not have meaningful additional costs beyond current payment rates, potentially justifying either packaging drug costs into service payments or reducing separate reimbursement rates.[17] The AHA characterized the survey as burdensome and expressed concern that CMS might use the survey results to drastically reduce Medicare payments to hospitals serving vulnerable communities.[18]

Hospital Price Transparency Enhancements

The Final Rule establishes several modifications to hospital price transparency regulations. First promulgated in the 2020 OPPS Final Rule, the regulations require hospitals to disclose their standard charges for various services on their website.[19] Beginning January 1, 2026, hospitals will be required to also report the median, 10th percentile, and 90th percentile allowed amounts, as well as a comprehensive explanation of their methodology.[20] The Final Rule also establishes new attestation requirements, mandating that hospitals include the name of the CEO, president, or senior official designated to oversee the encoding of data.[21] While the effective date for the new data elements is January 1, 2026, CMS will delay enforcement until April 1, 2026.[22]

Other Provisions

The 2026 OPPS/ASC Payment System Final Rule also includes provisions to:

- Finalize expanded site-neutral payment policies to drug administration services furnished in excepted off-campus provider-based departments, setting payment at the Medicare Physician Fee Schedule (MPFS) equivalent rate of 40% of the OPPS, which will reduce OPPS spending by $290 million in 2026;[23]
- Finalize a significant payment revision for skin substitute products, establishing a uniform per-square-centimeter payment rate of $127.14 for 2026;
- Update the methodology used to calculate the Overall Hospital Quality Star Rating to emphasize the Safety of Care measure group in hospitals' star ratings; and
- Finalize updates to the Hospital Outpatient Quality Reporting (OQR), Rural Emergency Hospital Quality Reporting (REHQR), and Ambulatory Surgical Center Quality Reporting (ASCQR) Programs.[24]

Stakeholder Comments

Reactions to the 2026 OPPS Final Rule have been decidedly mixed. The American Hospital Association (AHA) expressed substantial disappointment with the Final Rule. Ashley Thompson, AHA's Senior Vice President, stated:

> "The AHA is disappointed that CMS has finalized cuts to hospitals and health system services, including those in rural and underserved communities. Combined with its continued inadequate market basket updates, the agency is exacerbating the challenging financial pressures under which hospitals are operating to serve their patients and communities."[25]

Specifically, the AHA characterizes the payment update as inadequate, noting that hospital expenses grew by 5.1% in 2024.[26] The association also strongly opposes the site-neutral payment policy expansion and the elimination of the IPO List, contending that such policies ignore critical differences between HOPDs and other care settings and arguing that HOPDs serve Medicare patients who are sicker, more clinically complex, and more often disabled or residing in rural or low-income areas than patients seen in other settings, such as independent physician offices.[27]

On the other hand, the Ambulatory Surgery Center Association (ASCA) welcomed the significant expansion of the ASC-CPL. CEO Bill Prentice stated:

> "CMS acknowledges in this rule that ASCs can provide safe care to many more beneficiaries for a much wider range of procedures than is currently available. While more work is needed to address structural payment issues that limit surgery centers' ability to perform certain procedures, Medicare beneficiaries will greatly benefit from the finalized policies in this rule."[28]

Conclusion

The 2026 OPPS Final Rule introduces significant policy changes that will reshape hospital and ASC operations beginning January 1, 2026. The 2.6% payment rate increase, while nominally positive, falls short of actual cost inflation historically experienced by providers. CMS's expansion of site-neutral payment policies to drug administration services and the three-year phase-out of the IPO List reflect the agency's continued emphasis on encouraging care delivery in lower-cost settings.

The cumulative financial impact on hospitals is substantial. Beyond the modest payment update, facilities face the ongoing 2% Medicare sequester,[29] the 0.5% 340B recoupment reduction (which could increase to as much as 2% in 2027), and an estimated $290 million reduction from site-neutral payment expansion. These pressures are particularly acute for smaller hospitals and those serving high proportions of Medicare and Medicaid beneficiaries.

While CMS characterizes the 2026 OPPS Final Rule as advancing patient-centered care and modernizing Medicare payments, hospital industry stakeholders have expressed substantial concerns about the financial implications of several finalized provisions.

(Continued on next page)

1 "Calendar Year 2026 Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center Final Rule (CMS-1834-FC)" Centers for Medicare & Medicaid Services, November 21, 2025, https://www.cms.gov/newsroom/fact-sheets/calendar-year-2026-hospital-outpatient-prospective-payment-system-opps-ambulatory-surgical-center (Accessed 12/2/25).
2 *Ibid.*
3 *Ibid.*
4 *Ibid.*
5 "2026 Final Payment Rule Includes Profound Procedure List Changes" Ambulatory Surgery Center Association, November 21, 2025, https://www.ascassociation.org/asca/news-and-publications/news/2025/2026-final-payment-rule (Accessed 12/12/25).
6 "CMS releases CY 2026 Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System final rule" By Deborah Godes, et al., McDermott+, November 24, 2025, https://www.mcdermottplus.com/insights/cms-releases-cy-2026-outpatient-prospective-payment-system-and-ambulatory-surgical-center-payment-system-final-rule/#:~:text=Based%20on%20the%20finalized%20policies,from%20CY%202025%20payment%20levels. Accessed 12/12/25).
7 Centers for Medicare & Medicaid Services, November 21, 2025.
8 *Ibid.*
9 *Ibid.*
10 "CMS Releases 2026 Final Payment Rule" Ambulatory Surgery Center Association, Press Release, November 21, 2025, https://www.ascassociation.org/asca/news-and-publications/news/2025/2026-final-payment-rule (Accessed 12/2/25).
11 "2026 Final Payment Rule Includes Profound Procedure List Changes" Ambulatory Surgery Center Association, November 21, 2025, https://www.ascassociation.org/asca/news-and-publications/news/2025/2026-final-payment-rule#:~:text=CMS%20finalized%20its%20proposal%20to,page%201%2C068%20in%20the%20rule. (Accessed 12/12/25).
12 "CMS Releases CY 2026 Hospital OPPS and Ambulatory Surgical Center Final Rule" By Miranda A. Franco, Holland & Knight LLP, November 24, 2025, https://www.hklaw.com/en/insights/publications/2025/11/cms-releases-cy-2026-hospital-opps-and-ambulatory-surgical-center (Accessed 12/2/25).
13 "CMS Proposes Updates to the OPPS" Health Capital Topics, Vol. 18, Issue 7 (July 2025), https://www.healthcapital.com/hcc/newsletter/07_25/HTML/OPPS/convert_opps_proposed_rule_hc_topics.php (Accessed 12/12/25).
14 "The wait is over: The CY 2026 OPPS final rule is finally here" By McDermott+, McDermott Will & Emery, Posted on McDermottPlus.com, November 25, 2025, https://www.mcdermottplus.com/blog/regs-eggs/the-wait-is-over-the-cy-2026-opps-final-rule-is-finally-here/ (Accessed 12/2/25).
15 "CMS Releases CY 2026 Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Final Rule" By Holland & Knight, November 26, 2025, https://www.hklaw.com/en/insights/publications/2025/11/cms-releases-cy-2026-opps-and-asc-final-rule (Accessed 12/12/25).
16 *Ibid.*
17 "The 2026 OPPS Final Rule: Hospitals Now at a Decision Point Regarding Drug Acquisition Cost Survey" By K&L Gates, K&L Gates LLP, Posted on KLGates.com, December 1, 2025, https://www.klgates.com/The-2026-OPPS-Final-Rule-Hospitals-Now-at-a-Decision-Point-Regarding-Drug-Acquisition-Cost-Survey-12-1-2025 (Accessed 12/2/25).
18 "AHA Statement on CY 2026 OPPS Final Rule" American Hospital Association, Press Release, November 21, 2025, https://www.aha.org/press-releases/2025-11-21-aha-statement-cy-2026-opps-final-rule (Accessed 12/2/25).
19 Holland & Knight, November 26, 2025.
20 "CY 2026 OPPS and Ambulatory Surgical Center Final Rule - Hospital Price Transparency Policy Changes" Centers for Medicare & Medicaid Services, November 21, 2025, https://www.cms.gov/newsroom/fact-sheets/cy-2026-opps-ambulatory-surgical-center-final-rule-hospital-price-transparency-policy-changes
21 Holland & Knight, November 26, 2025.
22 Centers for Medicare & Medicaid Services, November 21, 2025.
23 "CMS Empowers Patients and Boosts Transparency by Modernizing Hospital Payments" Centers for Medicare & Medicaid Services, Press Release, November 21, 2025, https://www.cms.gov/newsroom/press-releases/cms-empowers-patients-boosts-transparency-modernizing-hospital-payments (Accessed 12/2/25).
24 "CMS Empowers Patients and Boosts Transparency by Modernizing Hospital Payments" Centers for Medicare & Medicaid Services, Press Release, November 21, 2025, https://www.cms.gov/newsroom/press-releases/cms-empowers-patients-boosts-transparency-modernizing-hospital-payments (Accessed 12/2/25); "CMS Releases CY 2026 Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Final Rule" By Holland & Knight, November 26, 2025, https://www.hklaw.com/en/insights/publications/2025/11/cms-releases-cy-2026-opps-and-asc-final-rule (Accessed 12/12/25).
25 "AHA Statement on CY 2026 OPPS Final Rule" American Hospital Association, Press Release, November 21, 2025, https://www.aha.org/press-releases/2025-11-21-aha-statement-cy-2026-opps-final-rule (Accessed 12/2/25).
26 "The Cost of Caring: Challenges Facing America's Hospitals in 2025" American Hospital Association, April 2025, https://www.aha.org/system/files/media/file/2025/04/The-Cost-of-Caring-April-2025.pdf (Accessed 12/12/25).
27 American Hospital Association, Press Release, November 21, 2025.
28 Ambulatory Surgery Center Association, Press Release, November 21, 2025.
29 The Medicare Sequester is a mandatory federal spending cut. "2% Medicare Sequester Back in Full Effect July 1" By Sarah Hohman, National Association of Rural Health Clinics, July 12, 2022, https://www.narhc.org/News/29446/2-Medicare-Sequester-Back-in-Full-Effect-July-1 (Accessed 12/12/25).

(Continued on next page)

HEALTH CAPITAL CONSULTANTS

(800) FYI -VALU

Providing Solutions in an Era of Healthcare Reform

- Valuation Consulting
- Commercial Reasonableness Opinions
- Commercial Payor Reimbursement Benchmarking
- Litigation Support & Expert Witness
- Financial Feasibility Analysis & Modeling
- Intermediary Services
- Certificate of Need
- ACO Value Metrics & Capital Formation
- Strategic Planning
- Industry Research

LEADERSHIP

Todd A. Zigrang, MBA, MHA, FACHE, CVA, ASA, ABV, is the President of **HEALTH CAPITAL CONSULTANTS** (HCC), where he focuses on the areas of valuation and financial analysis for hospitals, physician practices, and other healthcare enterprises. Mr. Zigrang has over 30 years of experience providing valuation, financial, transaction and strategic advisory services nationwide in over 2,500 transactions and joint ventures. Mr. Zigrang is also considered an expert in the field of healthcare compensation for physicians, executives and other professionals.

Mr. Zigrang is the co-author of "*The Adviser's Guide to Healthcare - 2nd Edition*" [AICPA - 2015], numerous chapters in legal treatises and anthologies, and peer-reviewed and industry articles such as: *The Guide to Valuing Physician Compensation and Healthcare Service Arrangements* (BVR/AHLA); *The Accountant's Business Manual* (AICPA); V*aluing Professional Practices and Licenses* (Aspen Publishers); *Valuation Strategies; Business Appraisal Practice*; and, *NACVA QuickRead*. Additionally, Mr. Zigrang has served as faculty before professional and trade associations such as the American Society of Appraisers (ASA); the National Association of Certified Valuators and Analysts (NACVA); the American Health Lawyers Association (AHLA); the American Bar Association (ABA); the Association of International Certified Professional Accountants (AICPA); the Physician Hospitals of America (PHA); the Institute of Business Appraisers (IBA); the Healthcare Financial Management Association (HFMA); and, the CPA Leadership Institute. He also serves on the Editorial Board of The Value Examiner and QuickRead, both of which are published by NACVA.

Mr. Zigrang holds a Master of Science in Health Administration (MHA) and a Master of Business Administration (MBA) from the University of Missouri at Columbia. He is a Fellow of the American College of Healthcare Executives (FACHE) and holds the Certified Valuation Analyst (CVA) designation from NACVA. Mr. Zigrang also holds the Accredited in Business Valuation (ABV) designation from AICPA, and the Accredited Senior Appraiser (ASA) designation from the American Society of Appraisers, where he has served as President of the St. Louis Chapter. He is also a member of the America Association of Provider Compensation Professionals (AAPCP), AHLA, AICPA, NACVA, NSCHBC, and, the Society of OMS Administrators (SOMSA).

Jessica L. Bailey-Wheaton, Esq., is Senior Vice President and General Counsel of HCC. Her work focuses on the areas of Certificate of Need (CON) preparation and consulting, as well as project management and consulting services related to the impact of both federal and state regulations on healthcare transactions. In that role, Ms. Bailey-Wheaton provides research services necessary to support certified opinions of value related to the Fair Market Value and Commercial Reasonableness of transactions related to healthcare enterprises, assets, and services.

Additionally, Ms. Bailey-Wheaton heads HCC's CON and regulatory consulting service line. In this role, she prepares CON applications, including providing services such as: health planning; researching, developing, documenting, and reporting the market utilization demand and "need" for the proposed services in the subject market service area(s); researching and assisting legal counsel in meeting regulatory requirements relating to licensing and CON application development; and, providing any requested support services required in litigation challenging rules or decisions promulgated by a state agency. Ms. Bailey-Wheaton has also been engaged by both state government agencies and CON applicants to conduct an independent review of one or more CON applications and provide opinions on a variety of areas related to healthcare planning. She has been certified as an expert in healthcare planning in the State of Alabama.

Ms. Bailey-Wheaton is the co-author of numerous peer-reviewed and industry articles in publications such as: The Health Lawyer (American Bar Association); Physician Leadership Journal (American Association for Physician Leadership); The Journal of Vascular Surgery; St. Louis Metropolitan Medicine; Chicago Medicine; The Value Examiner (NACVA); and QuickRead (NACVA). She has previously presented before the American Bar Association (ABA), the American Health Law Association (AHLA), the National Association of Certified Valuators & Analysts (NACVA), the National Society of Certified Healthcare Business Consultants (NSCHBC), and the American College of Surgeons (ACS).

Janvi R. Shah, MBA, MSF, CVA, serves as Senior Financial Analyst of HCC. Mrs. Shah holds a M.S. in Finance from Washington University Saint Louis and the Certified Valuation Analyst (CVA) designation from NACVA. She develops fair market value and commercial reasonableness opinions related to healthcare enterprises, assets, and services. In addition she prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises, assets, and services and applies utilization demand and reimbursement trends to project professional medical revenue streams and ancillary services and technical component (ASTC) revenue streams.

For more information please visit: www.healthcapital.com