

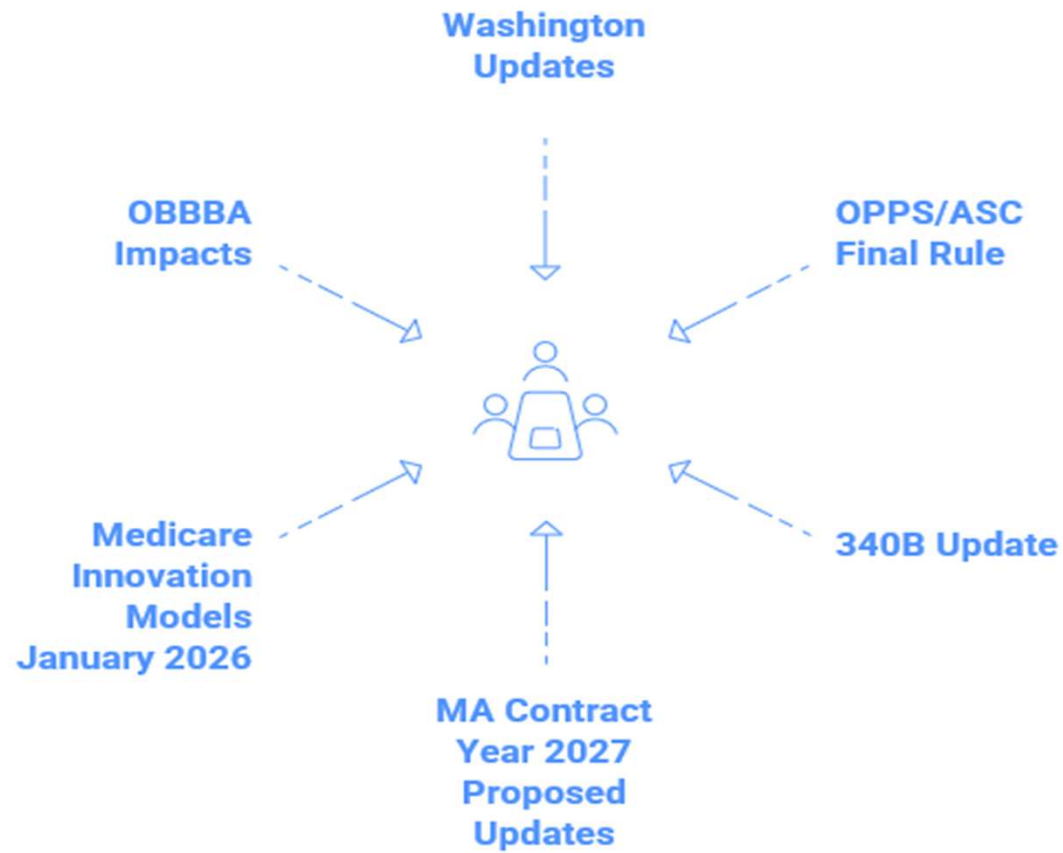
# Healthcare Market and Regulatory Update for 2026

**Kathy Stull**

HFMA, Senior Manager Revenue Cycle Analytics



# Agenda



# Washington Updates

## Healthcare News



### Rural Health Awards

**CMS announces awards to strengthen rural health in all 50 states.**



### Drug Acquisition Cost Survey

**Hospitals need to submit data for Drug Acquisition Cost Survey by March 31.**



### Residency Position Applications

**Hospitals can apply for Additional Residency Positions by March 31.**



### Health Premium Tax Credit

**House has passed a 3 year health premium tax credit extension as of January 9th, 2026.**

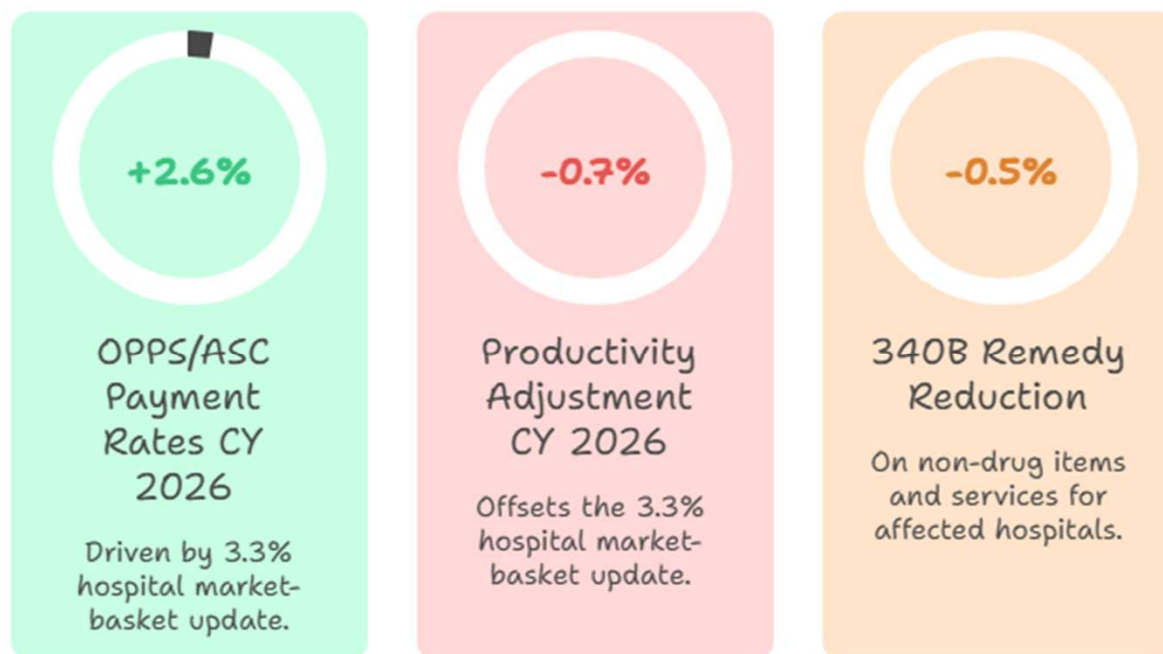


### 340b Rebate Program

**The 340b Rebate program is still stalled.**

# Medicare CY2026 OPPS/ASC Final Rule

## Payment Rate Updates



**Modest payment rate increase is offset by productivity adjustments and 340B remedy reductions, impacting hospital margins.**

# Medicare CY2026 OPPS/ASC Final Rule

## IPO List Elimination and ASC Expansion

### IPO List Elimination

CMS is phasing out the IPO list, starting with removing 285 procedures in CY 2026.

### APC Reassignment

Procedures removed from the IPO list are being reassigned to APCs or added to the outpatient/ASC list.

### ASC Coverage Expansion

CMS revised ASC criteria, adding roughly 289 procedures to the CPL, plus others from the IPO list.

### Implication

Greater flexibility in site-of-care decision-making. Hospitals must update workflows and policies.

# CY 2021 OPPS/ASC — IPO Removals & Two-Midnight Medical-Review Exemption

- **What CMS finalized (Dec. 2, 2020):**
  - Eliminated the IPO list over time and created a medical-review exemption for services removed beginning Jan 1, 2021.
  - Exempt from: site-of-service claim denials; BFCC-QIO referrals to RACs for persistent two-midnight noncompliance; RAC “patient status” reviews.
  - Duration: until CMS determines the service is more commonly performed in the outpatient setting.
- **Where it’s codified (42 CFR §412.3(d)(2)):**
  - Applies to services removed from the IPO list on/after Jan 1, 2021; exemption lasts until the Secretary determines the service is more commonly outpatient.
- **Preamble language (CMS-1736-FC):**
  - Final rule explains the exemption scope: site-of-service denials, BFCC-QIO referrals to RACs, and RAC “patient status” reviews.

Source: CY 2021 OPPS/ASC Final Rule (CMS-1736-FC) and 42 CFR §412.3(d)(2)

# CY 2021 OPPS/ASC — IPO Removals & Two-Midnight Medical-Review Exemption

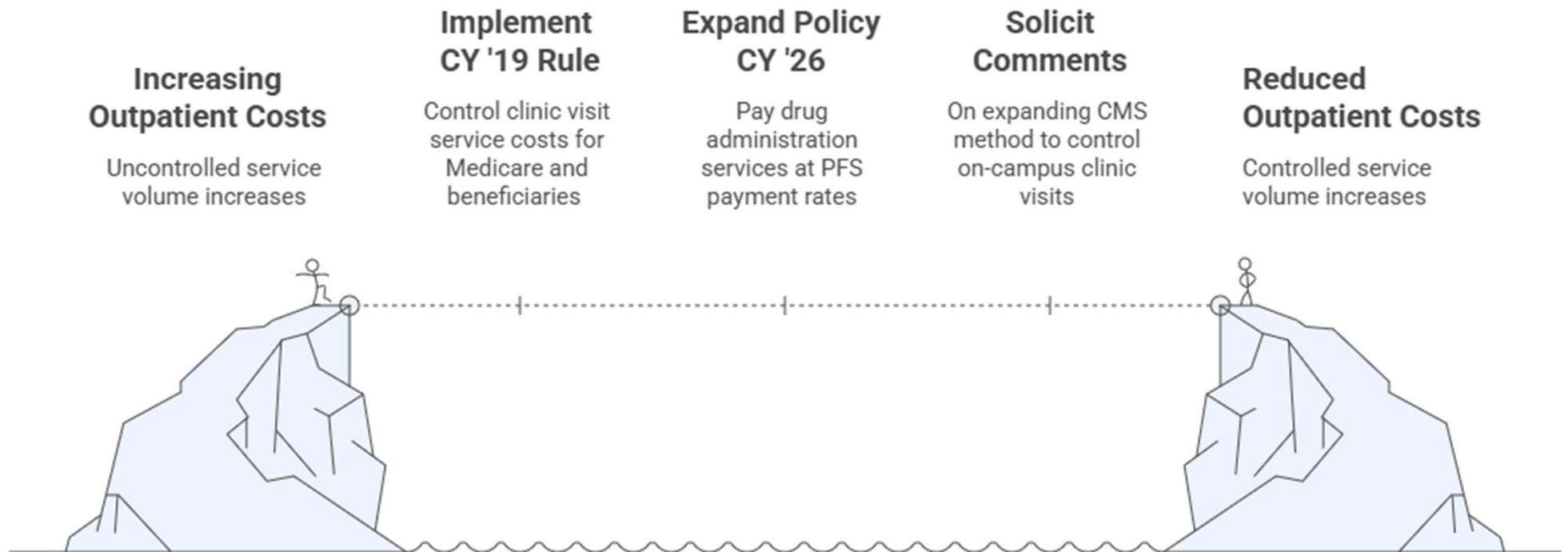
## Direct links (for reference):

- CMS Fact Sheet (Dec. 2, 2020): <https://www.cms.gov/newsroom/fact-sheets/cy-2021-medicare-hospital-outpatient-prospective-payment-system-and-ambulatory-surgical-center-0>
- Final Rule PDF (CMS-1736-FC): <https://www.cms.gov/files/document/12220-opps-final-rule-cms-1736-fc.pdf>
- eCFR — 42 CFR §412.3(d)(2): <https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-B/part-412/subpart-A/section-412.3>
- Two-Midnight Rule Standards (CMS): <https://www.cms.gov/files/document/two-midnight-rule-standards-admission.pdf>





# Medicare CY2026 OPPS/ASC Final Rule

## Site Neutrality: Controlling Outpatient Service Costs



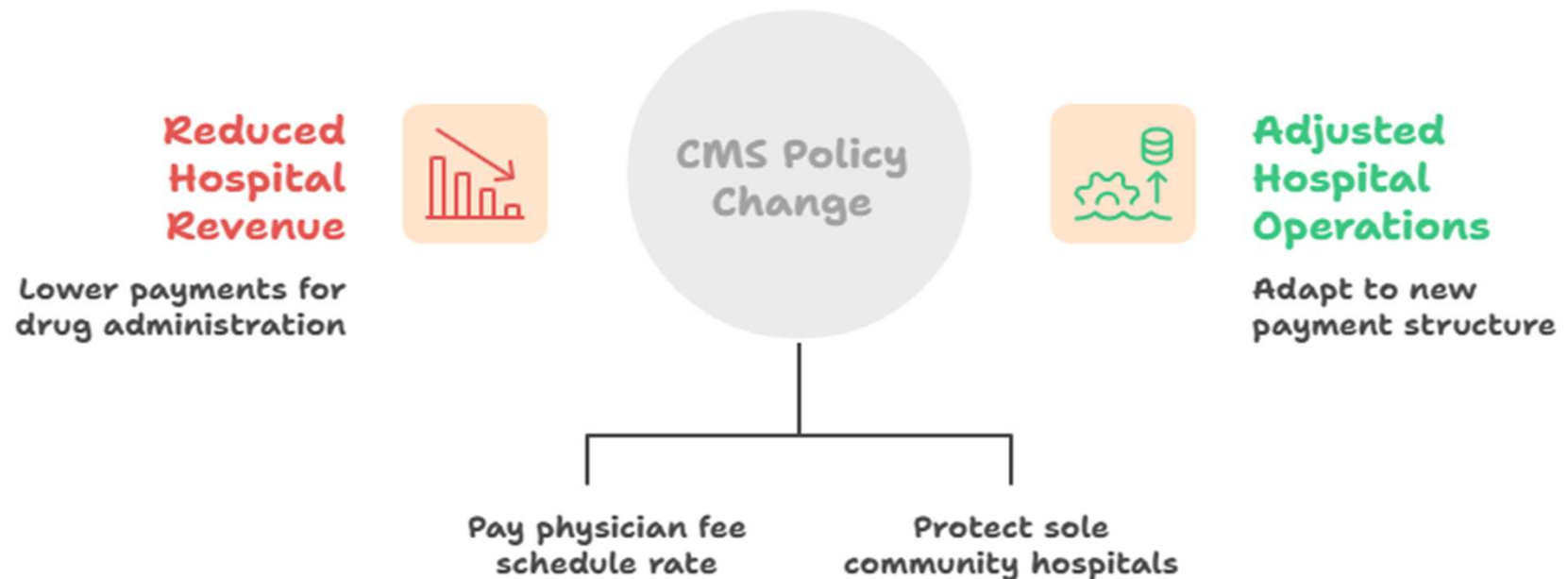


# Medicare CY2026 OPPS/ASC Final Rule APC payment changes

Rate Type	APC 5691	APC 5692	APC 5693	APC 5694
 <b>OPPS Rate</b>	\$47.83	\$74.57	\$216.49	\$341.52
 <b>PFS-equivalent Rate</b>	\$19.13	\$29.83	\$86.60	\$136.61

# Medicare CY2026 OPPS/ASC Final Rule

## Site-Neutral Payment Expansion



# Medicare CY2026 OPPS/ASC Final Rule

## Skin Substitute Payment Policy

### Unpackaging

CMS will unpack skin substitute products from application services, paying for them separately based on FDA regulatory status.

### Blended Rate

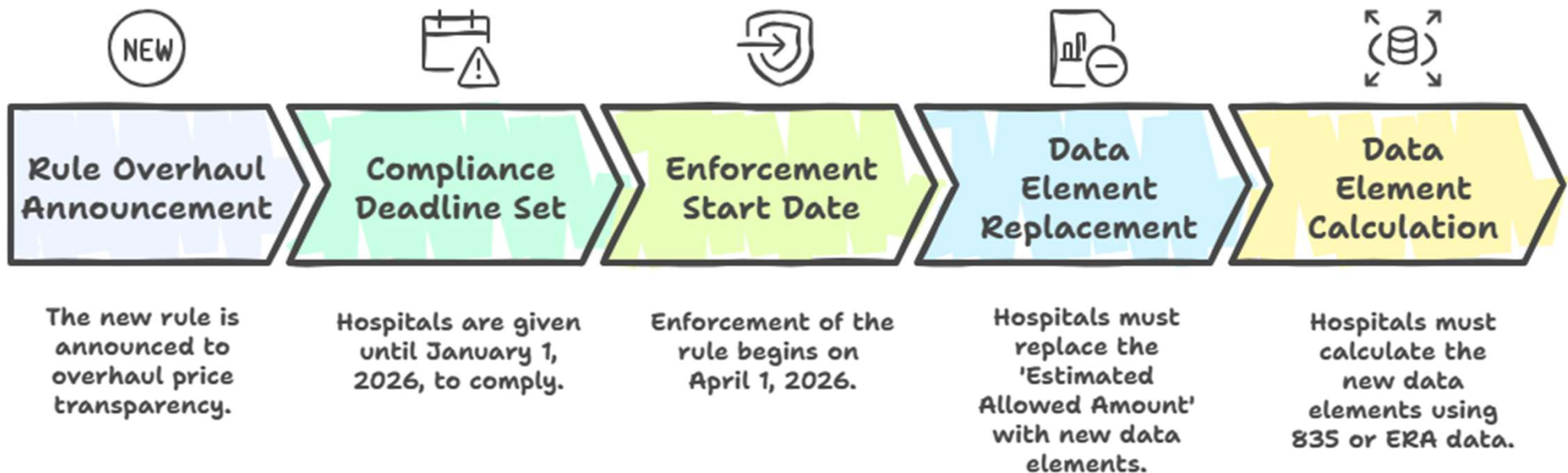
CMS will use a single blended APC payment rate for all three categories in 2026, with plans to differentiate payments later.

### Implication

Providers may better manage utilization and pricing but could likely face margin pressure if reimbursement doesn't cover costs.

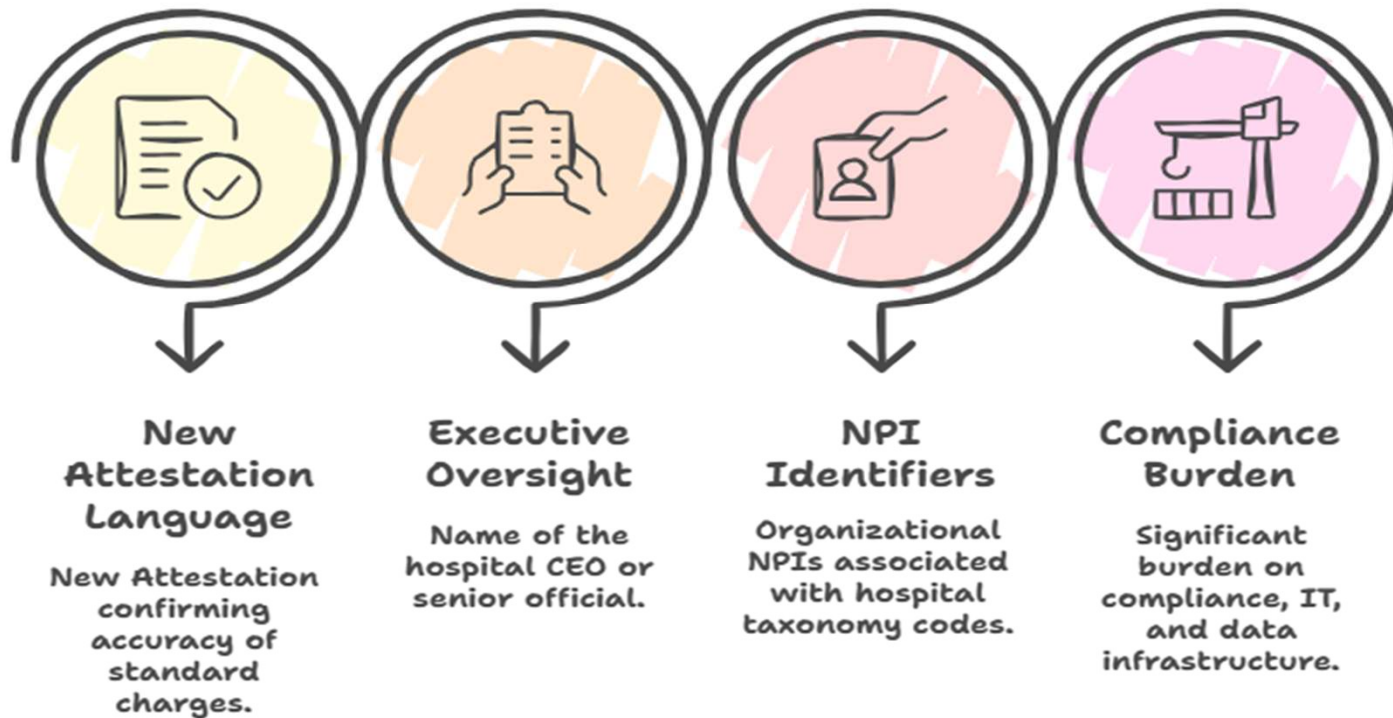
# Medicare CY2026 OPPS/ASC Final Rule

## Federal Price Transparency Updates



# Medicare CY2026 OPPS/ASC Final Rule

## Federal Price Transparency Updates



# Payer Transparency TiC File Proposal (2026-2027)



Characteristic	Posting Cadence	Data Included	Allowed Amount Threshold	Metadata	File Format
<b>In Force Today (2020 Final Rule)</b>	Monthly	In-network rates, OON amounts, drug files, all combinations	$\geq 20$ claims	Limited	Very large, limited usability
<b>Proposed/Directional (CMS-9882-P)</b>	Quarterly (proposed)	Change-log, exclude implausible pairings	$\downarrow$ to 11 claims	Adds plan type, network name, enrollment	Plain-text locator, smaller datasets

# Proposed Advanced Explanation of Benefits (AEOB) Workflow Process

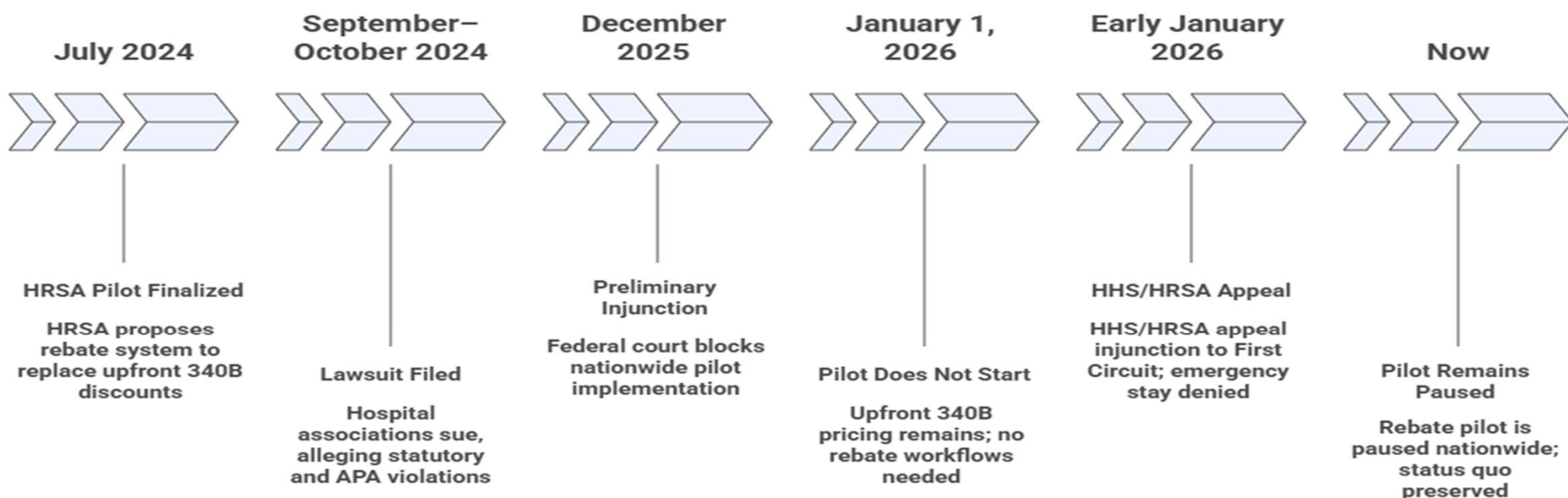




# Medicare Final Physician Fee Schedule for Calendar Year 2026

Change	Description
 Practice Expense RVUs	Rebalanced toward the office setting
 Technical Rates	Hospital data used to reduce gaps
 Direct Supervision	Virtual supervision made permanent
 Overall Goal	Reduce cross-setting payment differences

# 340B Rebate Model Pilot Legal & Policy Timeline



# MA Program Contract Year 2027 Proposed Updates

## Key Provisions & Provider Implications

### Rollback of Requirements



Rollback of certain health equity administrative requirements.

### RFIs Signal Reforms



Requests for Information signal major future MA reforms.

### MA Risk Adjustment



Broader use of MA risk adjustment data with heightened documentation scrutiny.



### Star Ratings

Star ratings are shifting back to clinical outcomes and behavioral health.



### New SEP

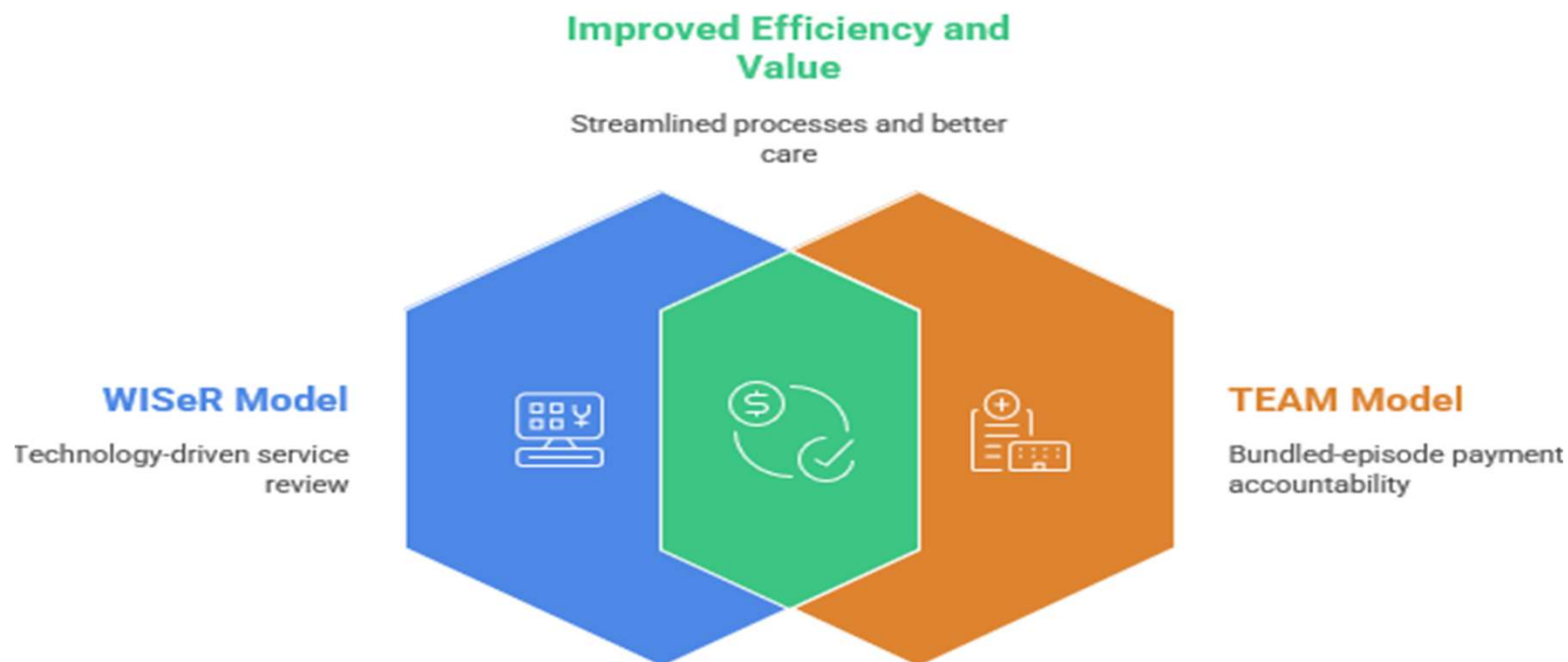
A new Special Enrollment Period is available for provider network changes.



### Part D Redesign

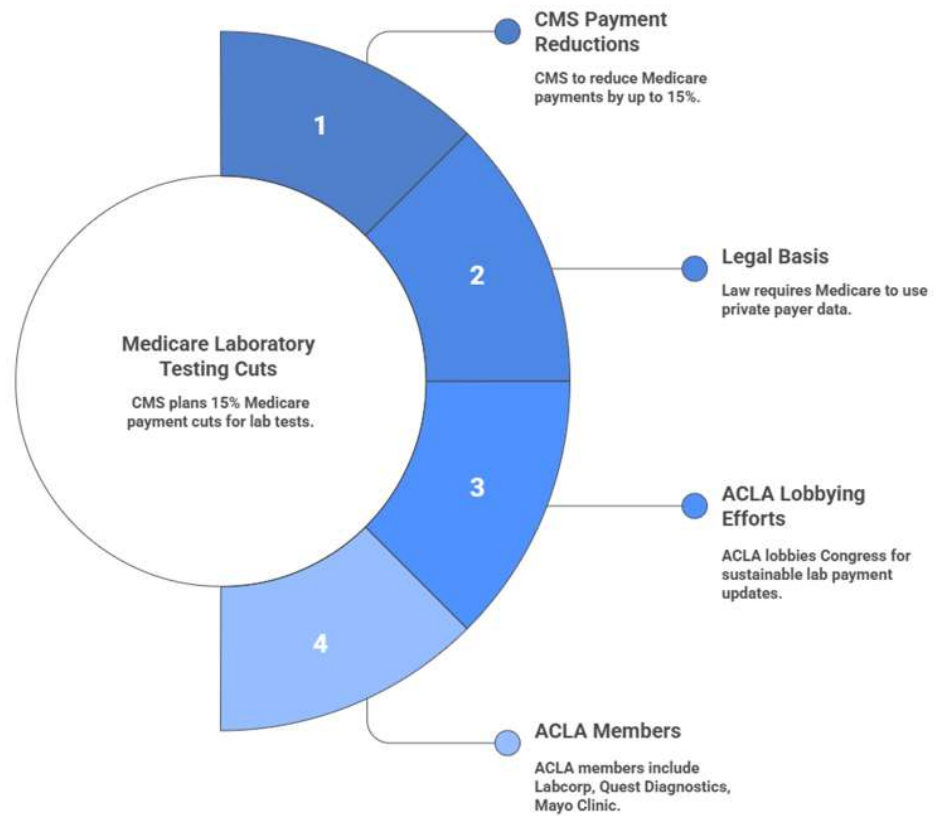
Part D redesign is codified, changing formulary incentives and patient affordability.

# Medicare Innovation Models January 2026



[WISeR Model Provider and Supplier Operational Guide 3.0](#)

# Medicare Laboratory Cuts



# One Big Beautiful Bill Act Impacts in 2026

Policy Change	Medicaid Expansion Incentive	Premium Tax Credits (Immigrants)	Premium Tax Credit Repayment	Special Enrollment Periods	HSA Eligibility	Dependent Care FSA Limit
Description	Temporary FMAP boost ends.	Restricted for certain immigrants.	Repayment caps removed.	Income-based periods eliminated.	Expanded to more plans.	Increased to \$7,500.
Impact	States lose financial incentive.	300,000 people lose coverage.	Enrollees repay full excess amount.	Enrollment outside open enrollment limited.	More plans qualify for HSA.	More funds available for dependent care.

# ***OBBBA Strategic Considerations for Hospital Finance***

## **Medicaid Eligibility**

Shifts in Medicaid eligibility and enrollment processes.

## **Coverage Reductions**

Reductions in healthcare coverage for non-citizens.

## **Retroactive Coverage**

Shorter retroactive coverage windows for healthcare services.

## **Eligibility Pressures**

Pressures on DSH and 340B eligibility criteria.

## **Financing Limits**

Provider tax and state financing limits affecting healthcare.

## **Payment Caps**

State-directed payment caps impacting healthcare providers.

## **Insurance Impacts**

Impacts on commercial insurance and healthcare exchanges.

## **Financial Forecasting**

Financial forecasting and board education in healthcare.



# Upcoming Events

AC26

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June 7-10, 2026

National Harbor, MD

Revenue Cycle  
Conference

hfma™

March 18-20, 2026

Dallas, TX

Leadership  
Summit

hfma™

April 26-28, 2026

Austin, TX

Premier events for healthcare finance professionals to network with top leaders, gain valuable insights, and take actionable strategies back to your team.

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