

Disclaimer — Review of CMS Annual Rulemaking

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CY 2027 OPPTS and ASC Proposed Rule — Overview of Proposed Changes

Status: Provisional. This overview is based on the unpublished version of the CMS proposed rule updating the Hospital Outpatient Prospective Payment System (OPPS) and the Ambulatory Surgical Center (ASC) payment system for Calendar Year 2027. Every item below is a **proposal** subject to public comment and possible revision; nothing is final until CMS issues the CY 2027 final rule with comment period. The rule updates payment policies and rates for services furnished on or after January 1, 2027. (Medicare OPPTS and ASC Payment Systems Proposed Rule § 1)

1. OPPTS Payment Rate Update

- CMS proposes an **outpatient department (OPD) fee schedule increase factor of 2.4%**, calculated as the proposed inpatient hospital market basket increase of **3.2%** reduced by a **0.8 percentage-point productivity adjustment**. (Medicare OPPTS and ASC Payment Systems Proposed Rule § 2)
- Total CY 2027 OPPTS payments are estimated at approximately **\$110.9 billion**, an increase of about **\$9.5 billion** over estimated CY 2026 payments. (Medicare OPPTS and ASC Payment Systems Proposed Rule § 2)
- Hospitals that fail to meet Hospital Outpatient Quality Reporting requirements remain subject to the statutory **2.0 percentage-point reduction**, applied through a reporting factor of **0.9805**. (Medicare OPPTS and ASC Payment Systems Proposed Rule § 2)
- The wage index update (based on the FY 2027 IPPS final rule) is estimated to produce no change for urban hospitals and a **0.5% increase for rural hospitals**. (Medicare OPPTS and ASC Payment Systems Proposed Rule § 3)
- Cancer hospital payment adjustment: proposed **target payment-to-cost ratio (PCR) of 0.88**. (Medicare OPPTS and ASC Payment Systems Proposed Rule § 3)
- A **cost-of-living adjustment (COLA) for outpatient services in Alaska and Hawaii** is proposed, mirroring the inpatient COLA. (Medicare OPPTS and ASC Payment Systems Proposed Rule § 2)

2. ASC Payment Update

- CMS proposes to **extend for one more year (through CY 2027)** the policy of updating ASC rates using the hospital market basket rather than the CPI-U. (Medicare OPPTS and ASC Payment Systems Proposed Rule § 2)
- For ASCs meeting ASC Quality Reporting (ASCQR) requirements, rates would increase **2.4%** (3.2% market basket minus 0.8 percentage-point productivity adjustment). (Medicare OPPTS and ASC Payment Systems Proposed Rule § 2)

- Total CY 2027 ASC payments are estimated at approximately **\$9.9 billion**, an increase of about **\$520 million** over CY 2026. (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)
- **ASC Covered Procedures List (CPL)**: propose adding **618 codes**, drawn from stakeholder recommendations and codes proposed for removal from the Inpatient Only list. (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)

3. Inpatient Only (IPO) List

- CMS proposes to continue phasing out the IPO list by **removing 637 services** across clinical families including auditory, digestive, endocrine, female and male genital, hemic and lymphatic, integumentary, maternity/delivery, mediastinum and diaphragm, respiratory, and urinary. (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)

4. 340B Drug Payment Changes

- Following an acquisition-cost survey conducted January 1–April 7, 2026, CMS proposes to pay **ASP minus 33.4%** for 340B-acquired drugs. Because this must be budget-neutral, non-drug service payments would rise by an estimated **8.44%**. (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)
- **340B remedy offset**: CMS proposes to increase the annual reduction to the OPPS conversion factor for non-drug items and services (for affected hospitals) from **0.5% to 3%**. This corresponds to the “3 percentage point” reduction referenced in the payment summary. (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)

5. Device Pass-Through and New Technology Payments

- CMS received **19 complete device pass-through applications**; it seeks comment on **13** (six applicants withdrew), and proposes to **approve 7 and deny 6**, with final determinations in the final rule. (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)

6. Quality Reporting Programs

- **Cross-program (OQR and ASCQR)**: propose removing the “**Appropriate Follow-Up Interval for Normal Colonoscopy in Average Risk Patients**” measure from both programs. (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)
- **Hospital Outpatient Quality Reporting (OQR)**: propose updates and refinements to validation and validation reconsideration procedures, including policies for electronic clinical quality measures (eCQMs); plus a **Request for Information**

- **(RFI)** on a potential Advance Care Planning measure for the hospital outpatient setting. (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)
- **ASC Quality Reporting (ASCQR):** solicits information on potential **stratification of the All-cause Transfer/Admission measure.** (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)
- **Rural Emergency Hospital QRP: no changes proposed.** (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)
- Estimated burden reductions: OQR — ~16,985 hours / ~\$971,221 (CY 2029 reporting/CY 2031 payment); ASCQR — ~16,753 hours / ~\$957,937 (CY 2027 reporting/CY 2029 payment). (Medicare OPPS and ASC Payment Systems Proposed Rule § 3)

7. Prior Authorization

- CMS proposes to **add Botulinum Toxin Injection codes** to the existing category of hospital outpatient department services subject to prior authorization, for **dates of service on or after July 1, 2027.** (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)

8. Hospital Price Transparency (RFI)

- CMS issues a **Request for Information** on approaches to improve the standardization and comparability of price transparency data in machine-readable files and consumer-friendly displays. (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)
- Areas of particular interest include reporting of **complex contracting mechanisms** (outlier payments, stop-loss provisions, rate tiering, and carve-outs); whether to modify or eliminate the **deemed-compliance policy for internet-based price estimator tools**; updating the required **shoppable services** list; and clarifying which ancillary and bundled items are reflected in displayed prices. (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)

9. Off-Campus Provider-Based Departments (PBDs) and CAA 2026

- The rule proposes to implement certain **Consolidated Appropriations Act, 2026** provisions for off-campus outpatient departments of a provider. (Medicare OPPS and ASC Payment Systems Proposed Rule § 1)
- **Volume-control method:** CMS proposes to apply the **Physician Fee Schedule-equivalent rate** to imaging-without-contrast APC codes furnished at excepted off-campus PBDs, while **exempting rural Sole Community Hospitals.** (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)

10. Other Notable Proposals

- **Partial Hospitalization (PHP) and Intensive Outpatient (IOP) Programs:** update payment rates using the CY 2026 methodology. (Medicare OPPS and ASC Payment Systems Proposed Rule § 2)
- **EMTALA:** propose that hospital accrediting organizations with deeming authority assess compliance with certain EMTALA administrative requirements (42 CFR 489.20) during accreditation and reaccreditation surveys. (Medicare OPPS and ASC Payment Systems Proposed Rule § 1)
- **PPE / essential medicines:** CMS solicits comment on a potential separate payment under the Inpatient PPS for domestic procurement of personal protective equipment and essential medicines. (Medicare OPPS and ASC Payment Systems Proposed Rule § 1)
- **Teaching hospital:** the rule announces a teaching hospital closure and an opportunity to apply for available residency slots. (Medicare OPPS and ASC Payment Systems Proposed Rule § 1)

Estimated Overall Impact

CMS estimates the proposed policies would produce an overall **1.9% increase in OPPS payments** to providers relative to CY 2026. (Medicare OPPS and ASC Payment Systems Proposed Rule § 3)

This is a high-level summary of a lengthy and technical proposed rule. Detailed rate tables, APC assignments, and code-level changes appear in the rule's addenda (posted separately on the CMS website) and are not reproduced here. Because the rule is unpublished and in proposed form, all figures and policies remain subject to public comment and change in the final rule.