Key Proposals in Medicare's 2026 Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center Payment System Proposed Rule [CMS-1834-P]

CMS PROPOSAL
Updating the ASC Conversion Factor (Starts on page 617 of 913) • CMS proposes to update the ASC conversion factor using the hospital market basket (HMB) (together with the multi-factor productivity (MPF) adjustment) through 2026. ***The initial five-year trial was 2019-2023, and was then extended two years, through 2025. CMS is now proposing to extend the trial one more year.*** • **Migration Data:** CMS reiterated its intent to assess whether there is a migration of the performance of procedures from the hospital setting to the ASC setting because of the use of a hospital market basket update, as well as whether there are any unintended consequences, such as less than expected migration of the performance of procedures from the hospital to the ASC setting. • For CY 2026, the conversion factor is proposed to be increased by 2.4 percent under the OPPS and ASC Payment System (for facilities that meet the quality reporting requirements) (calculated as 3.2 percent HMB update minus the MFP of 0.8 percent). The proposed conversion factor is **$56.207** for ASCs and **$91.747** for HOPDs. While the conversion factor is an increase from that in the 2025 final rule ($53.514), the ratio of these conversion factors is 61.26 percent, which is slightly lower than the ratio in 2025 (61.56 percent).
Updating the ASC Relative Payment Weights for CY 2026 (Starts on page 613 of 913) • CMS proposes an ASC weight scalar of 0.842, which is a decrease from the 2025 final weight scalar of 0.872. • The OPPS weight scalar is proposed to be 1.4624 • Impact of 340B remedy offset on ASC weights: "As discussed in sections V.B.8.i. and XIII.C.4. of this proposed rule, we propose that the OPPS payment rates used for ratesetting under the ASC payment system for CY 2026 and subsequent years would not incorporate the two percent prospective offset to the OPPS conversion factor, as a result of the 340B remedy offset that we are proposing to implement in this proposed rule."
Device-Intensive ASC Covered Surgical Procedures (Starts on page 553 of 913) • As of the 2022 payment rule, the device offset percentage is calculated using ASC rates and not HOPD rates. This means that any procedure for which the device cost is 30 percent of the overall ASC procedure rate receives device intensive status. • There are currently 525 device-intensive codes in 2025. If finalized as proposed, there would be 769 device-intensive codes in 2026. This is due in large part to the proposed expansion of the ASC Covered Procedures List (ASC-CPL) for 2026. • Impact of 340B remedy offset on device-intensive codes: "Historically, device portions for device-intensive procedures would be based on the proposed prospective OPPS conversion factor multiplied by the proposed prospective OPPS relative weights. However, for this CY 2026 OPPS/ASC proposed rule, we believe it would be inaccurate and inappropriate to use OPPS payment rates that have been reduced by the remedy's prospective offset since this could accumulate to have a potentially noticeable impact on ASC payment rates for certain device-intensive procedures over time. Since the ASC payment system would otherwise set the device portion in the ASC setting at the amount without

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the two percent reduction to OPPS payment rates, we believe it would not be an accurate reflection of the device costs of covered surgical procedures in the ASC setting if we were to incorporate the 2 percent prospective offset that we propose in this proposed rule." • "Further, we are concerned beneficiaries could have access issues to certain device-intensive procedures in the ASC setting if we maintained a 2-percent reduction to the payment rates for device-intensive procedures for each calendar year we applied the prospective offset. Therefore, we are proposing that the OPPS payment rates used for ratesetting under the ASC payment system for CY 2026 and subsequent years would not incorporate the two percent prospective offset to the OPPS conversion factor as a result of the 340B remedy offset that we propose to implement in this proposed rule."
Proposed Additions to the List of ASC Covered Surgical Procedures (Starts on page 562 of 913) • CMS proposes to add 276 codes to the ASC-CPL that are currently payable in the HOPD setting by revising the criteria under §416.166 to modify the general standard criteria and to eliminate five of the general exclusion criteria, moving them into a new section as nonbinding physician considerations for patient safety. • CMS is also proposing to add 271 of the codes slated to be removed from the inpatient-only list (IPO list) to the ASC-CPL in 2026. • These lists of codes proposed for addition to the ASC-CPL in 2026 can be found in Table 80 and Table 81, starting on page 569 in **the rule**. • Of the codes ASCA recommended through the Pre-Proposed Rule Recommendation Request, CMS proposes to add: • **Cardiovascular Codes** -Electrophysiology Studies and Ablations: 93650, 93653, 93654 and 93656 -Percutaneous Coronary Intervention (PCI): C9602, C9604 and C9607 • **Spine Codes** -Posterior Lumbar Interbody Fusion: 22630 -Combined Posterior Lumbar and Posterior Lumbar Interbody Fusion: 22633 • **Vascular Code** -Vascular Embolization or Occlusion: 37244 • ASCA had also requested additional cardioversion and transesophageal echocardiogram codes (92960, 93312 and 93318) and electrophysiology studies and ablation codes (93619, 93620, 93624, 93642 and 93724) which CMS did not propose for addition.

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Proposed Elimination of the Inpatient-Only List (IPO-list) (Starts on page 453 of 913) • For CY 2026 and subsequent years, CMS proposes to eliminate the IPO list through a 3-year transition, completing the elimination by January 1, 2029. • For CY 2026, CMS proposes that musculoskeletal services be the first group of services removed from the IPO list.
Proposed Payment for ASC Add-On Procedures Eligible for Complexity Adjustments under the OPPS (Starts on page 541 of 913) • In 2023, CMS finalized a policy to provide increased payment to ASCs for combinations of certain service codes and add-on procedure codes that are eligible for a complexity adjustment under the OPPS because while add-on codes (N1) do not come with additional reimbursement (packaged into primary code), the addition of the add-on codes to a primary procedure code often changes the complexity of the procedure, making it more costly to perform. For 2026, CMS identified **42** different complexity adjustment code combinations for codes that are payable in the ASC setting and would be eligible for a complexity adjustment if the procedure were performed in an HOPD. This is down from 45 in 2025, 47 in 2024 and 55 in 2023.
Cross-Program Proposals for the Hospital Outpatient Quality Reporting (OQR), Rural Emergency Hospital Quality Reporting (REHQR), and Ambulatory Surgical Center Quality Reporting (ASCQR) Programs (623 of 913) • **CMS proposes to remove:** (1) the COVID–19 Vaccination Coverage Among Healthcare Personnel (HCP) measure from the Hospital OQR and ASCQR Program measure sets beginning with the CY 2024 reporting period/CY 2026 payment determination; ***(ASC-20* in the ASCQR Program)**; (2) the Hospital Commitment to Health Equity (HCHE) measure from the Hospital OQR and REHQR Program measure sets and the Facility Commitment to Health Equity (FCHE) measure from the ASCQR Program measure set beginning with the CY 2025 reporting period/CY 2027 payment or program determination (***ASC-24* in the ASCQR Program)**; and (3) the Screening for Social Drivers of Health (SDOH) measure and the Screen Positive Rate for SDOH measure from the Hospital OQR, REHQR, and ASCQR Program measure sets beginning with the CY 2025 reporting period **(*ASC-22 and ASC-23,* respectively, in the ASCQR Program*)***. • Additionally, CMS seeks comments regarding measured concepts related to well-being and nutrition for future consideration in the Hospital OQR, REHQR, and ASCQR Programs.

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• CMS also proposes to update and codify the Extraordinary Circumstance Exception (ECE) policy to clarify that CMS has the discretion to grant an extension in response to an ECE request for the Hospital OQR, REHQR, and ASCQR Programs.
Proposed Changes to the ASCQR Program Measure Set (Starting on page 683 of 913) • CMS proposes to adopt the Patient Understanding of Key Information Related to Recovery After a Facility-Based Outpatient Procedure or Surgery, Patient Reported Outcome-Based Performance Measure (Information Transfer PRO–PM) beginning with voluntary reporting for the CY 2027 and CY 2028 reporting periods followed by mandatory reporting beginning with the CY 2029 reporting period/CY 2031 payment determination. • This measure has not been tested in the ASC setting.
Estimated 2026 HOPD and ASC total payments (page 15 of 913) • Based on this update, CMS estimates that total payments to OPPS providers (including beneficiary cost sharing and estimated changes in enrollment, utilization, and case mix) for calendar year (CY) 2026 will be approximately $100.0 billion, an increase of approximately $8.1 billion compared to estimated CY 2025 OPPS payments. • Based on this proposed update, CMS estimates that total payments to ASCs (including beneficiary cost sharing and estimated changes in enrollment, utilization, and case-mix) for CY 2026 will be approximately $9.2 billion, an increase of approximately $480 million compared to estimated CY 2025 Medicare payments. • **Under these estimates, ASCs would account for 8.4 percent of the spend between HOPDs and ASCs in 2026.**