

## CMS Proposes 2026 Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Rule

Healthcare Law Update

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On July 15, 2025, the Centers for Medicare & Medicaid Services (CMS) issued the [Calendar Year 2026 Hospital Outpatient Prospective Payment System \(OPPS\) and Ambulatory Surgical Center \(ASC\) Payment System proposed rule](#), outlining reforms to modernize payments, expand patient choice, and strengthen hospital accountability. The proposed rule seeks to reduce out-of-pocket costs for Medicare beneficiaries, expand care options, improve transparency, and safeguard the Medicare Trust Fund from waste and abuse.

Key provisions of the proposed rule include:

- Equalize payments for certain services across hospitals and off-campus facilities to prevent higher copays based solely on site of care.
- Phase out the inpatient-only list to give physicians greater flexibility to determine the most clinically appropriate setting for care and allow more patients to choose outpatient surgical options.
- Require hospitals to post standardized, consumer-friendly pricing data, with civil monetary penalties for noncompliance.
- Update the Hospital Star Rating system so that hospitals performing in the lowest quartile for safety cannot earn a 5-star rating, with automatic 1-star downgrades in future years.

- Streamline reporting by removing certain health equity and COVID-19 vaccine reporting requirements.
- Add new measures to evaluate prolonged emergency room wait times.
- Solicit input on nutrition, wellness, and prevention.

CMS estimates the reforms will expand access, reduce unnecessary costs, and generate nearly \$11 billion in savings for Medicare and its beneficiaries over the next decade, while advancing Medicare's long-term goal of delivering high-quality, patient-centered care.

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