Illinois Health and Hospital Association

REGULATORY TOP 10

NOVEMBER 2026

CY 2027 MEDICARE OPPS TOP 10 LIST

On Nov. 6, the Centers for Medicare & Medicaid Services (CMS) published its calendar year (CY) 2027 Medicare Outpatient Prospective Payment System (OPPS) final rule. CMS finalized several policies that will impact hospital reimbursement and operations. IHA encourages you to review the following ten policies of interest to the hospital community.

1. CY 2027 Rate Update: CMS finalized a rate increase of 2.3% relative to CY 2026 for both hospitals paid under the OPPS and Ambulatory Surgical Centers (ASCs). This reflects a 3.2% market-basket update and a 0.9 percentage point productivity cut. Hospitals that do not meet quality reporting requirements will experience an additional 2.0 percentage reduction to payment. Hospitals subject to the 340B payment recoupment (see 4 below) will also experience an additional 2.0 percentage point reduction to payment.

2. Site-Neutral Imaging Payments: CMS will reimburse imaging *without* contrast services, as well as certain ambulatory payment classification composites, provided at grandfathered off-campus hospital outpatient departments at the site-neutral rate of 40% of the OPPS rate. Overall, this policy affects almost 400 Healthcare Common Procedure Coding System (HCPCS) codes. CMS is implementing this policy in a non-budget-neutral manner and estimates CY 2027 savings at $260 million.

3. 340B Drug Reimbursement: CMS finalized a payment cut of average sales prices (ASP) minus 28% for 340B-acquired drugs. This represents an approximate 34% reduction in reimbursement. This final reimbursement rate is slightly better than what CMS proposed: ASP minus 33.4%.

4. 340B Payment Recoupment: For the CY 2027 payment year, CMS finalized a 2% reduction in the OPPS conversion factor for non-drug items and services. This is an increase from the 0.5% reduction that CMS previously implemented. CMS stated the 2% reduction will remain in effect until around CY 2031 when it estimates the payment reduction will reach $7.8 billion.

5. Inpatient Only (IPO) List: CMS continued eliminating the IPO list, removing 637 services from the IPO list in CY 2027. The eliminated services were in auditory, digestive, endocrine, female genital, hemic and lymphatic systems, integumentary, male genital, maternity care and delivery, mediastinum and diaphragm, respiratory, and urinary clinical families. CY 2027 is the second year of a 3-year transition period, with CMS planning to eliminate the IPO list completely by CY 2029.

6. Unique National Provider Identifier (NPI) Requirement: By Jan. 1, 2028, CMS will require off-campus provider-based departments (PBDs) to bill using a separate NPI and the main provider to submit an attestation that the PBDs meet the provisions at section 413.65 of the Social Security Act. CMS clarified that hospitals must obtain unique NPIs for each applicable off-campus department at the physical address level (including suites/floors) as reported on the hospital's CMS-855A enrollment, rather than for each specialty or service line. Additional guidance is forthcoming.

7. Accrediting Organization Enforcement of EMTALA: CMS will require accrediting organizations such as the Joint Commission to assess hospital compliance with the administrative requirements under the Emergency Medical Treatment & Labor Act (EMTALA) as part of their initial accreditation and reaccreditation surveys. Guidance on the roles of accrediting organizations, state agencies and hospitals, as well as survey protocols specific to these EMTALA assessment requirements, is forthcoming.

8. Additional Prior Authorization Requirements: CMS expanded its prior authorization process, established in 2020, to include eight additional botulinum toxin injection procedures.

9. Expanded ASC Covered Procedures List: CMS expanded the list of ASC covered procedures, adding 618 procedures to the list for CY 2027. CMS also finalized the addition of CPT code 64629 to the ASC covered procedures list. CPT 64629 describes the thermal destruction of the intraosseous basivertebral nerve, including all imaging guidance, for each additional vertebral body (lumbar or sacral).

10. Outpatient Quality Reporting: CMS made several administrative changes to the Outpatient Quality Reporting Program. CMS will incorporate validation of an electronic clinical quality measure used in the program when there is a full year of the measure available. Additionally, CMS changed the number of hospitals randomly selected for validation and the number selected for targeted criteria beginning with the CY 2030 payment determination, resulting in fewer hospitals undergoing data validation. In terms of measure changes, CMS will remove the "Appropriate Follow-up Interval for Normal Colonoscopy in Average Risk Patients" measure beginning with the CY 2027 reporting period.

IHA will release CY 2027 OPPS facility-specific estimated financial impact reports via the IHA C-Suite.

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