
Federal Regulatory and Legislative Update
Thursday, Sept 11, 2025
hfma
hfma
michigan great lakes chapter

Medicare

IPPS Final Rule for Fiscal Year 2026

Key Impacts

Medicare IPPS Final Rule for Fiscal Year 2026 Key Impacts

Medicare Reimbursement Updates

Operating Payment Rates

Hospitals get a modest 2.6% market basket increase, resulting in $5 billion more in FY2026.

Market Basket Rebased

The market basket is rebased to 2023, standardizing the labor-related share to 66%.

DSH Payment Growth

Disproportionate Share Hospital payments grow by approximately $2 billion.

New Medical Technology Add-On Payments

New medical technology add-on payments increase by about $192 million.

Physician Service Increase

Physician services may see up to a 3.8% payment increase, benefiting primary care and psychiatry.

Medicare IPPS Final Rule for Fiscal Year 2026 Key Impacts

Payment Adjustments Expiration

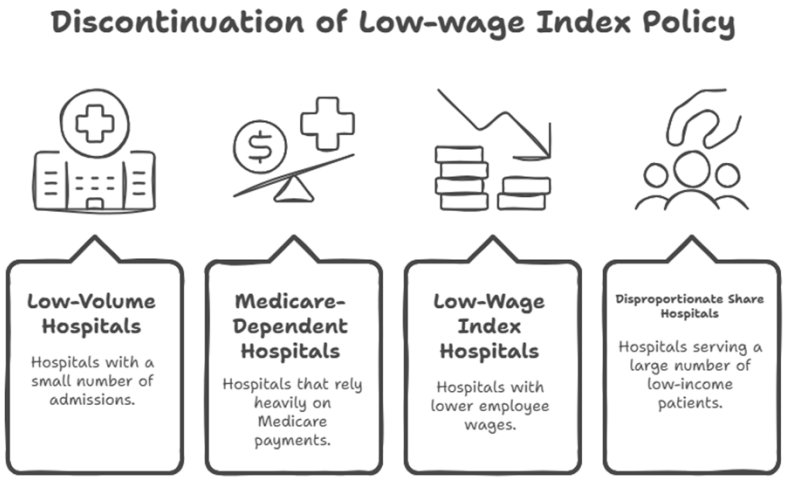
Medicare-Dependent Hospital (MDH) Payment Adjustment

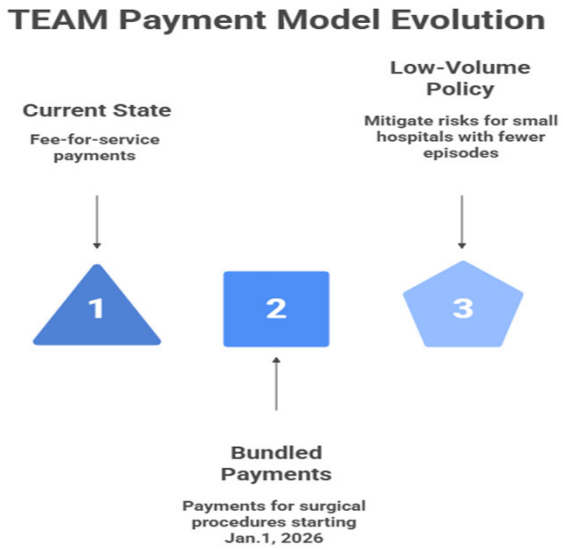
Medicare-Dependent Hospital payment adjustments will expire on Sept. 30, 2025. Impacting 150–160 hospitals

Low-Volume Hospital Payment Adjustment

Low-Volume Hospital payment adjustments will expire on Sept. 30, 2025. Impacting roughly 600 hospitals

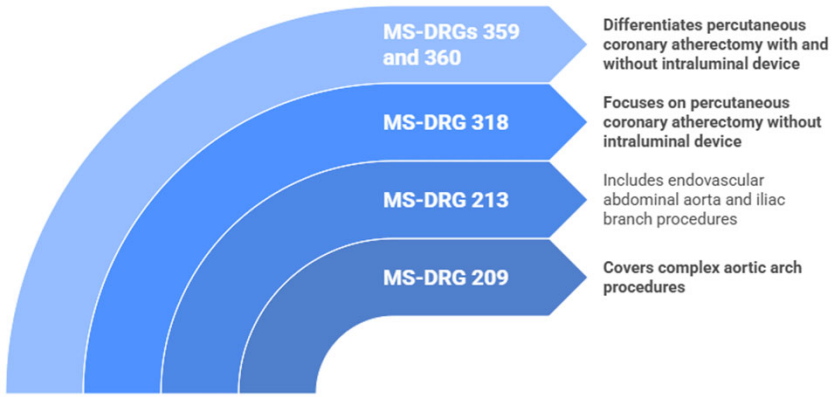
Medicare IPPS Final Rule for Fiscal Year 2026
Key Impacts





Medicare IPPS Final Rule for Fiscal Year 2026
Key Impacts

Overview of New MS-DRG Categories



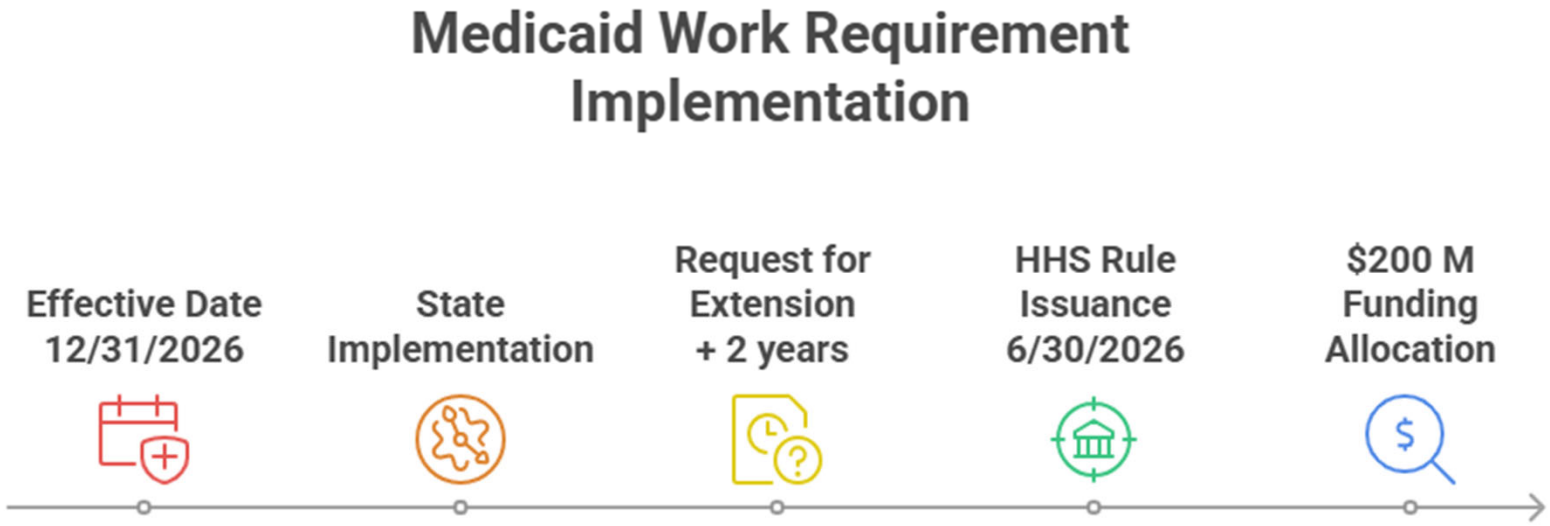
Navigating Quality Reporting Adjustments

THE ONE BIG BEAUTIFUL BILL

PART ONE

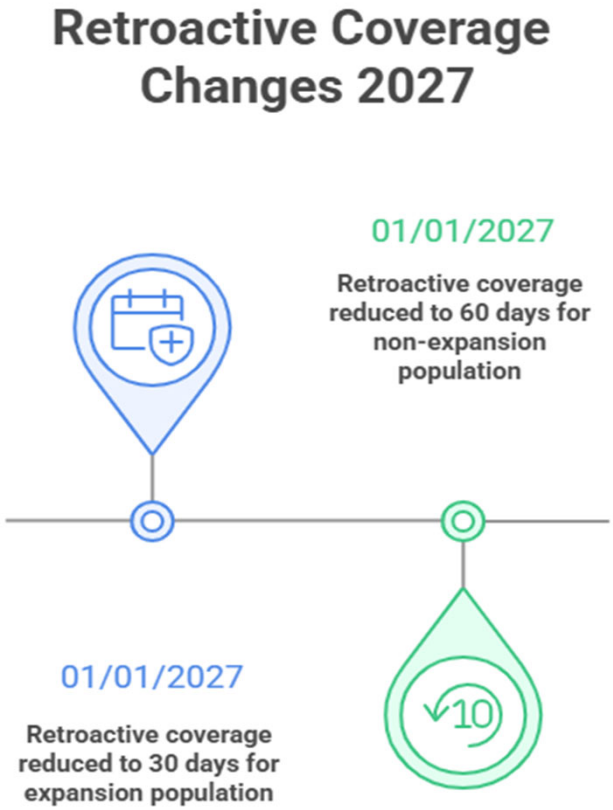
OBBBA: Medicaid Eligibility Changes

ACCESS BARRIERS!



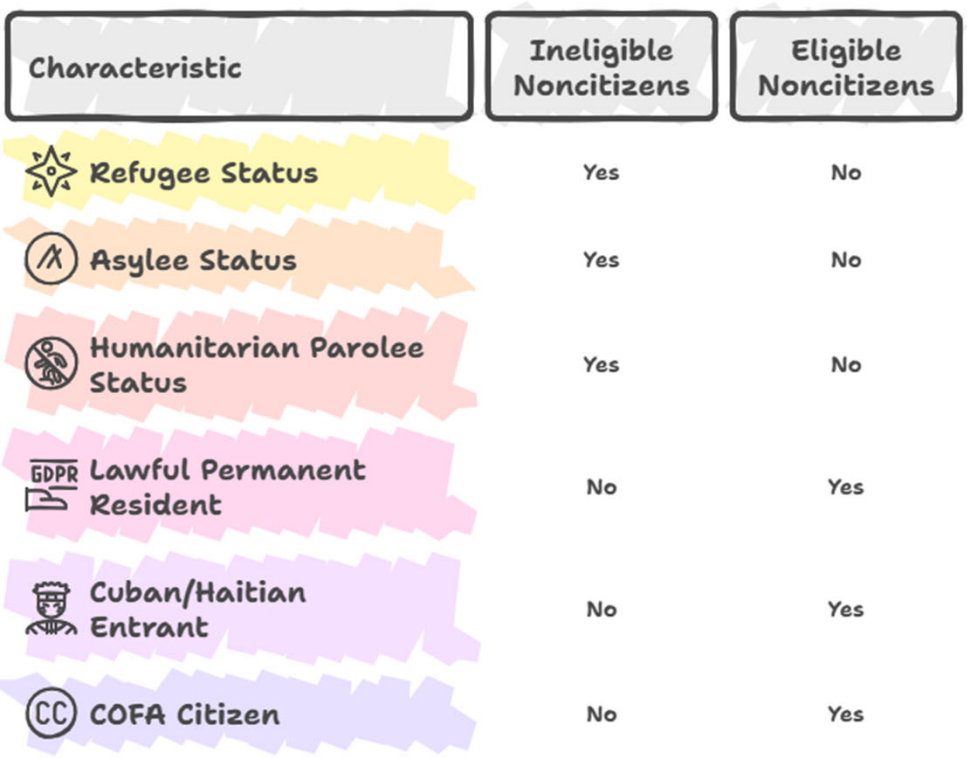
OBBBA: Medicaid Patient Eligibility

BACKDATE ISSUES!



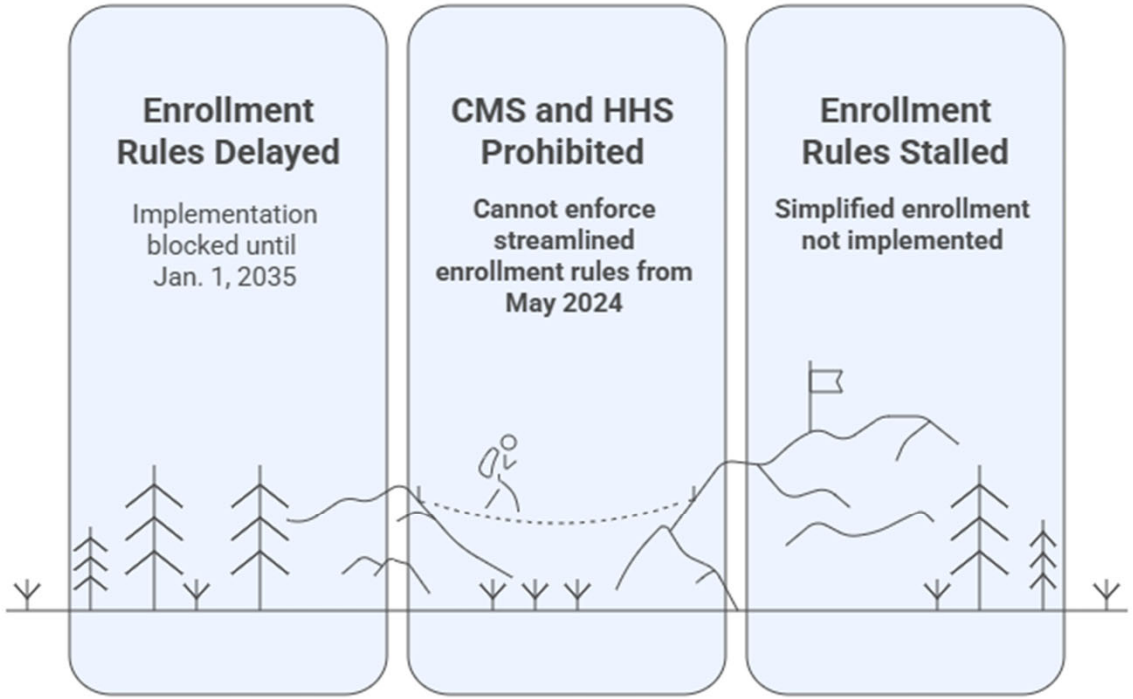
OBBBA: Medicaid Eligibility Requirements

ACCESS BARRIERS!



OBBBA: Medicaid Enrollment & Eligibility

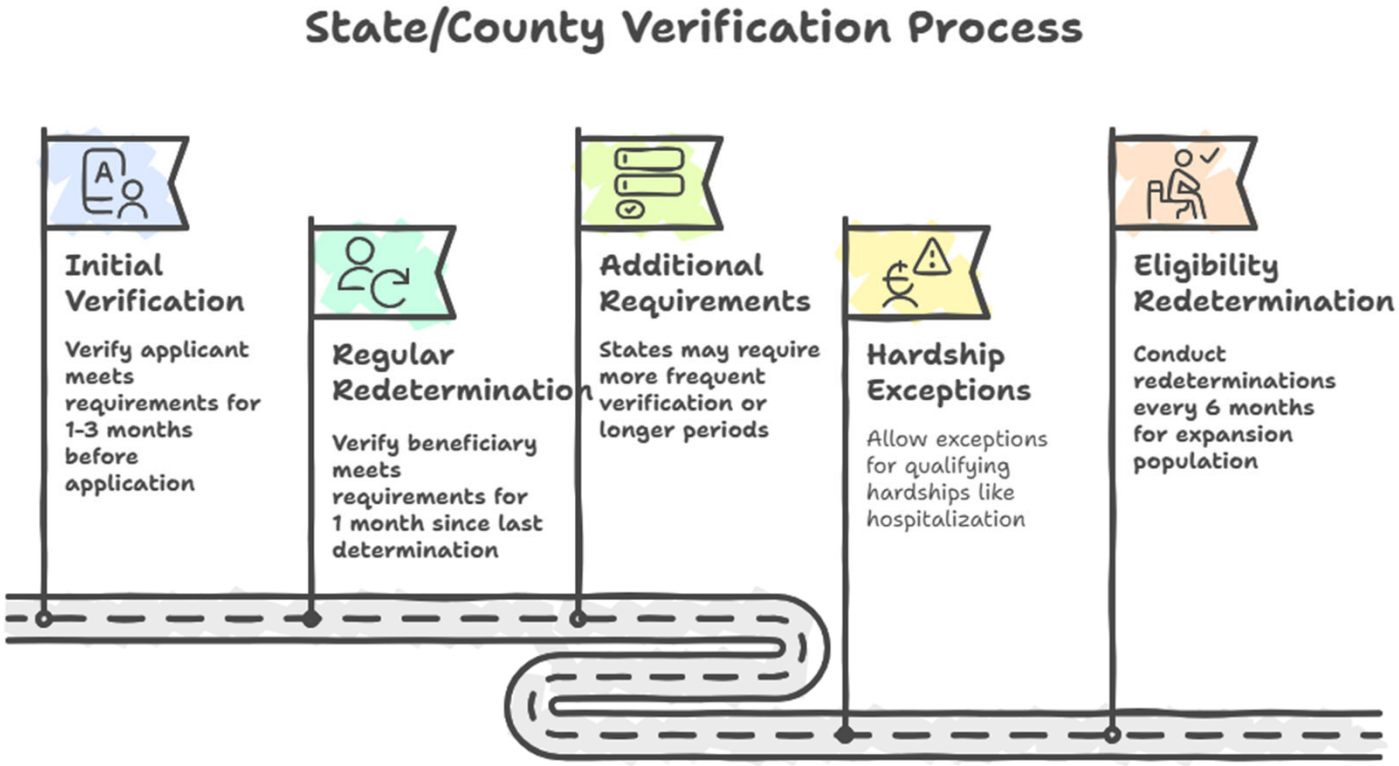
Medicaid & CHIP Streamline Delay



ACCESS BARRIERS!

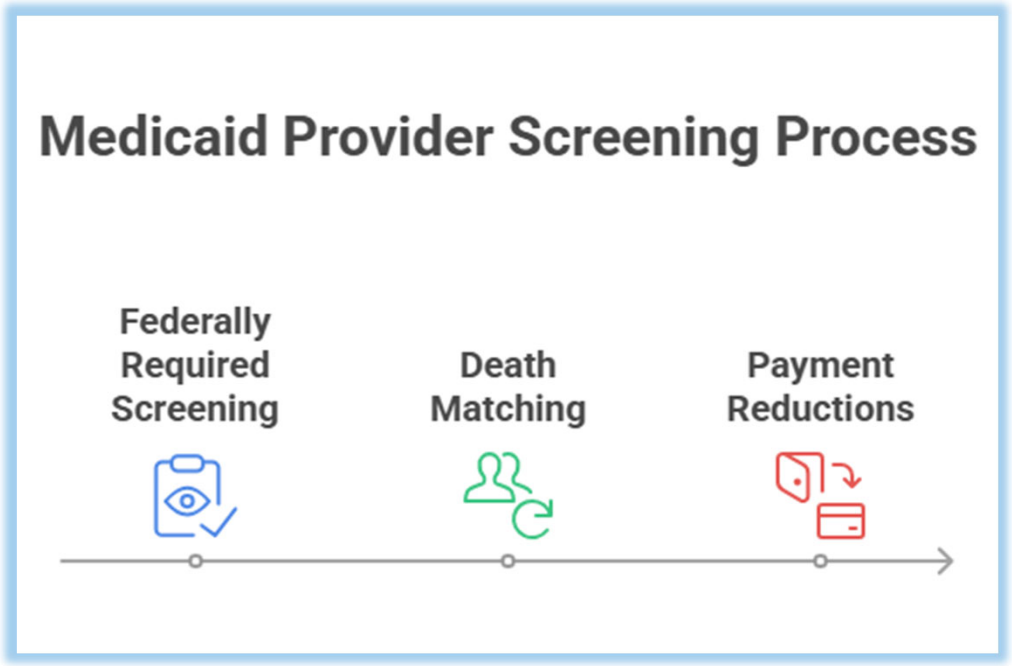
OBBBA: Medicaid Verification Requirements

ACCESS BARRIERS!



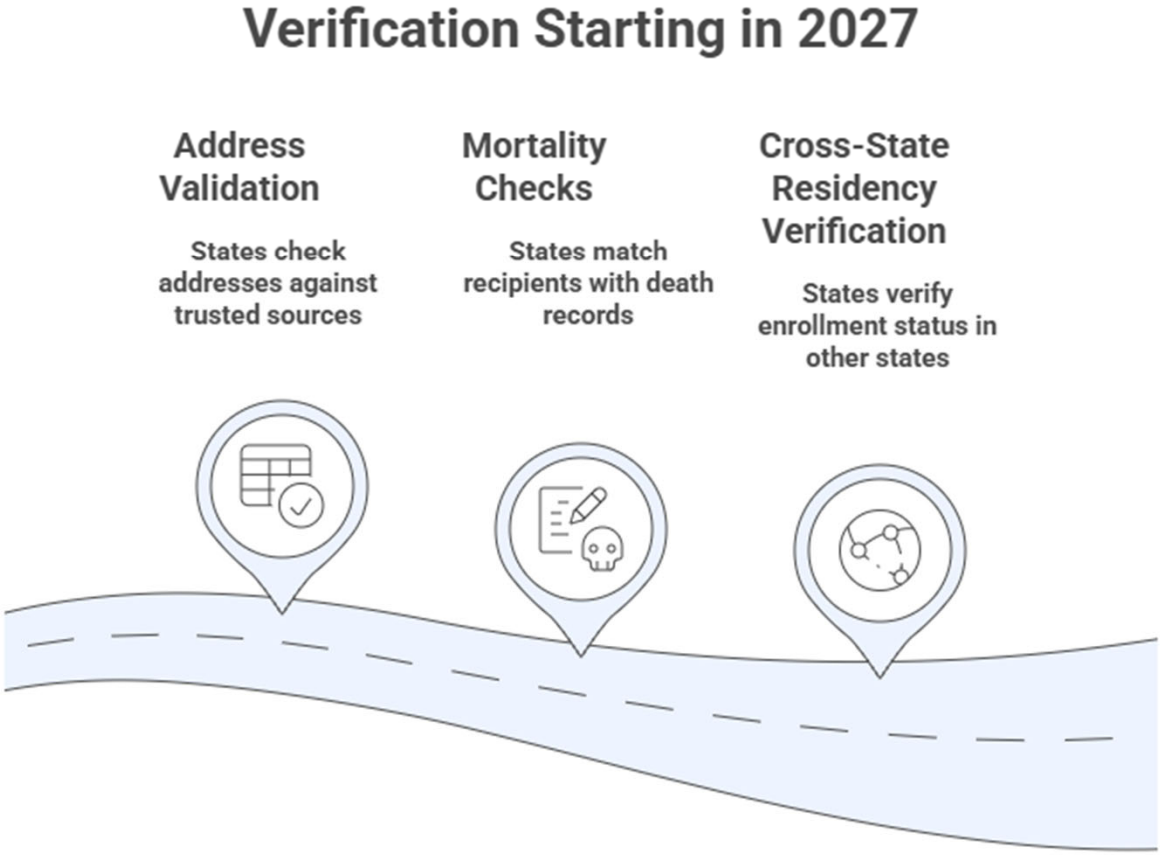
OBBBA: Medicaid Verification Requirements

CREDENTIALING DELAYS!

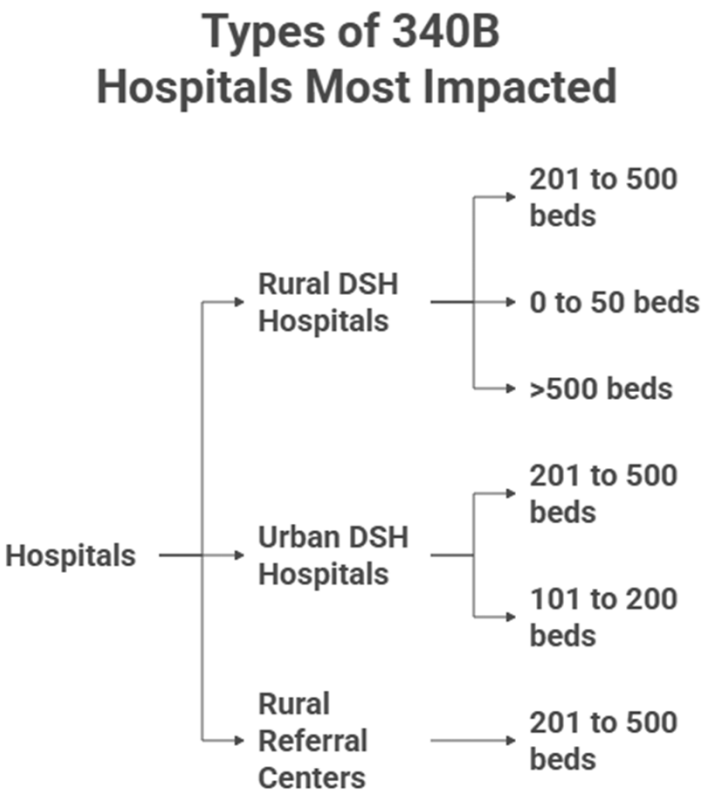


OBBBA: Medicaid Address, Mortality, and Cross-State Residency Verifications

CREDENTIALING DELAYS!



OBBBA: Medicaid Cuts Impact on 340B



OBBBA: Medicaid Mandatory Co-Pay Requirements

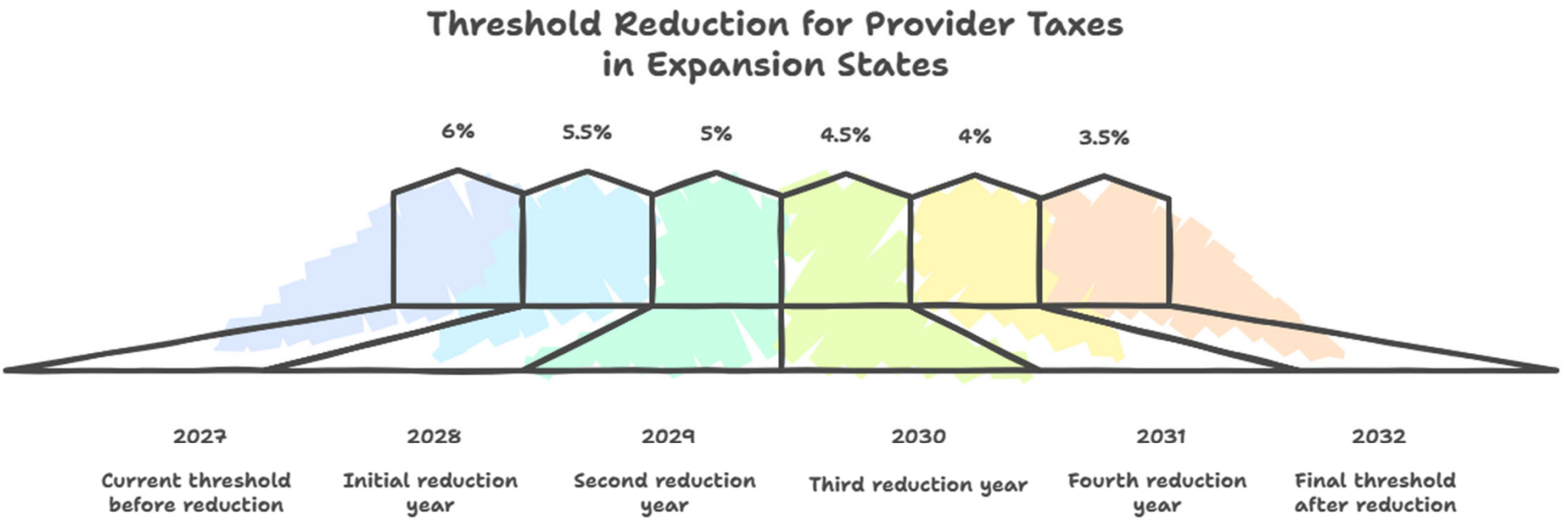
COLLECTION BURDEN!
Calendar Year 2029!

Co-Pay Requirements for Expansion Adults

Characteristic	Expansion Adults (100–138% FPL)
Co-pay Amount	Up to $35 per service
Exempt Services	Primary care, mental health, family planning, emergency care, long-term care, prescription drugs

OBBBA: Medicaid Provider Taxes

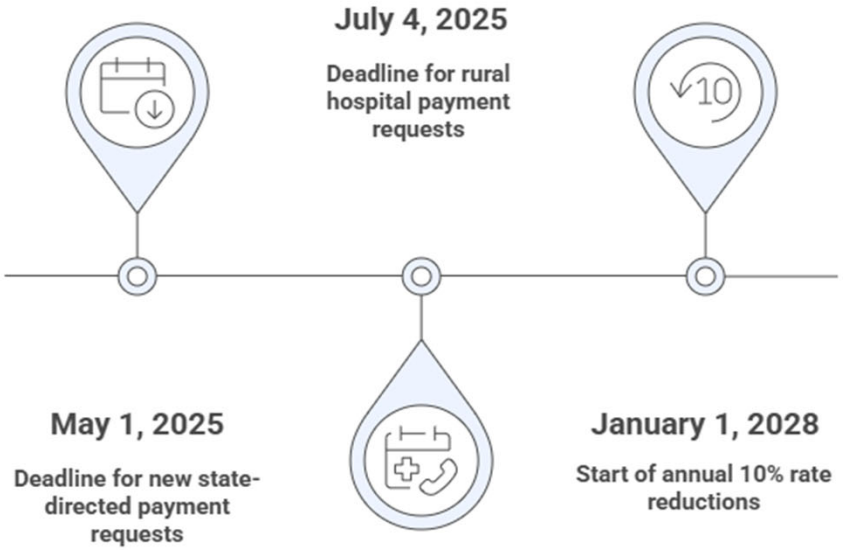
STATE PROGRAM FUNDING / PROVIDER REIMBURSEMENT!



OBBBA: Medicaid State Directed Payments

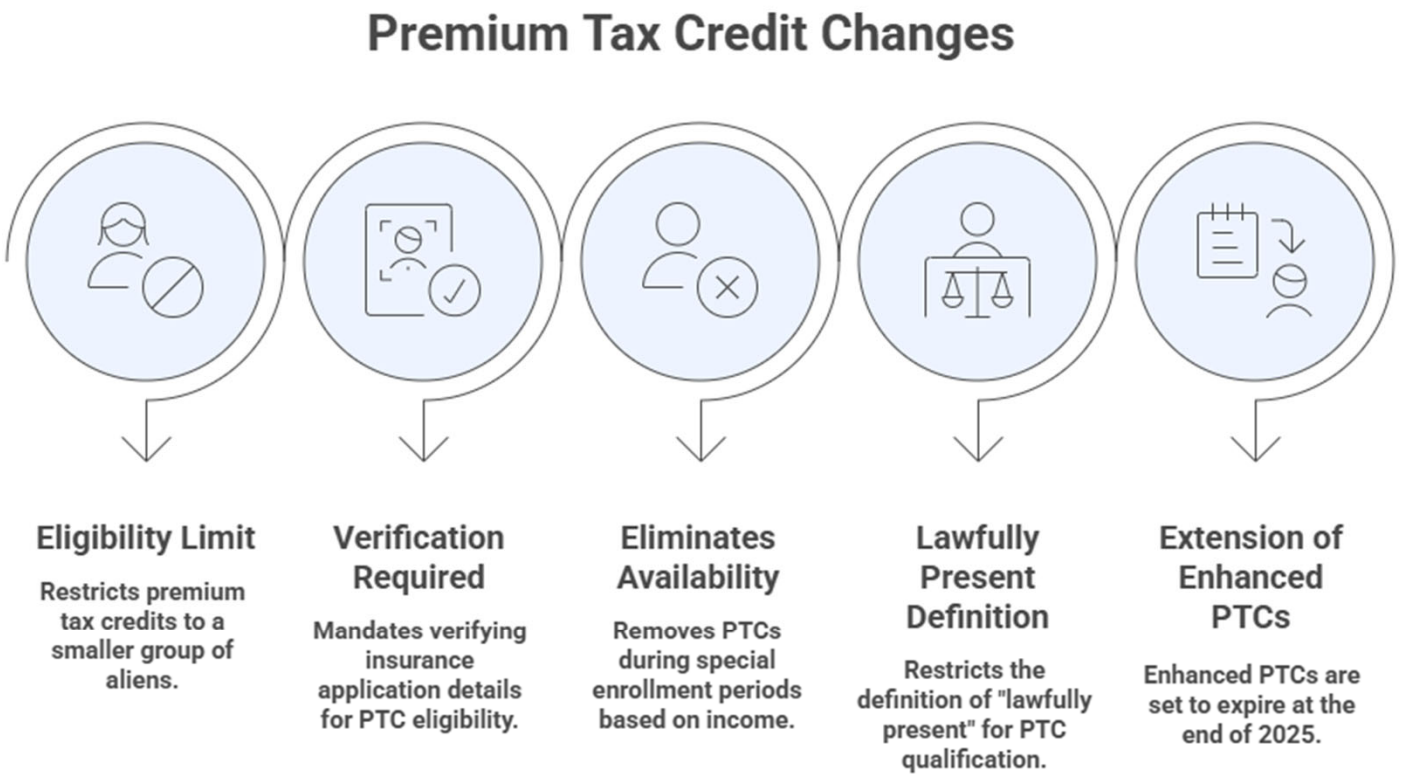
STATE PROGRAM FUNDING / PROVIDER REIMBURSEMENT!

Transition to Medicare and Medicaid Payment Standards for State Directed Payments



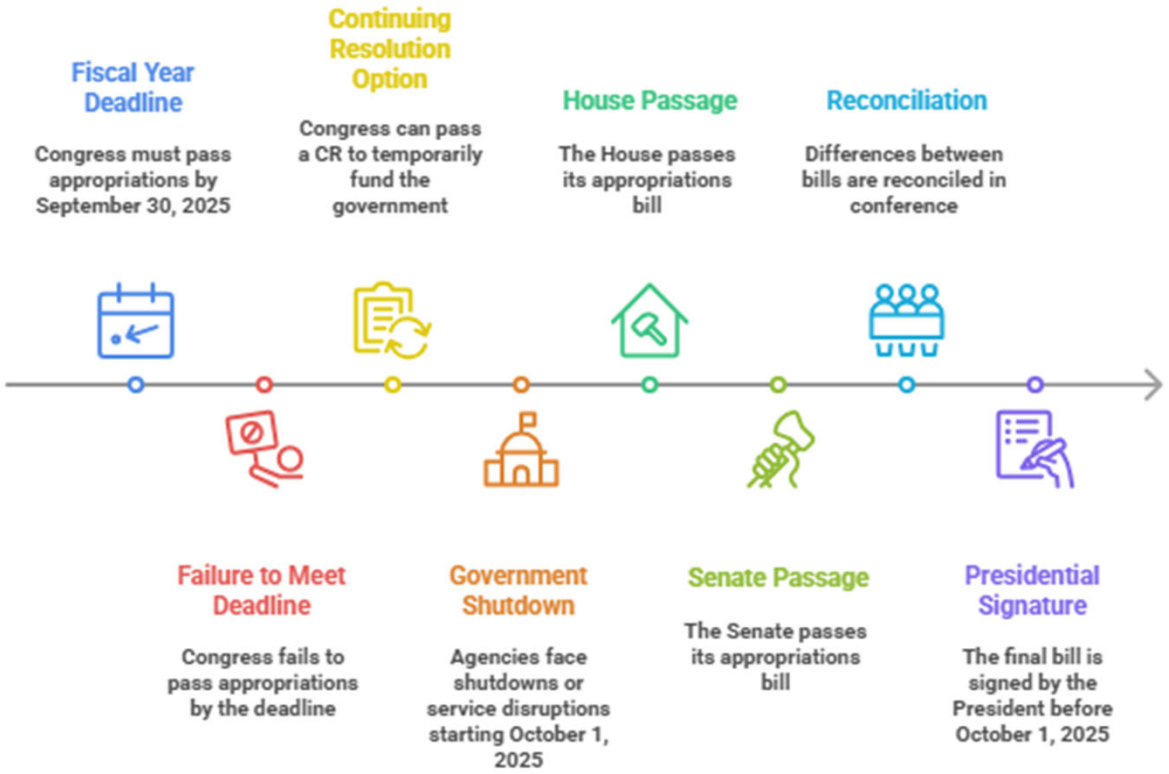
OBBBA: ACA Premium Tax Credits

DECREASE COVERAGE
INCREASE ED UTILIZATION
INCREASE CHARITY CARE!
INCREASE BAD DEBT/COLLECTIONS



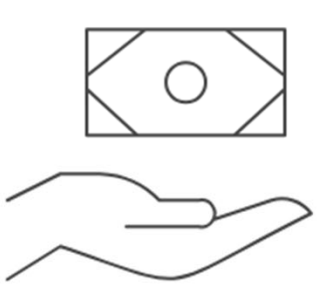
OBBBA: The Second Act

Timeline for Passage of Appropriations Bill



OBBBA: The Second Act

HHS & NIH Funding



$48 billion NIH

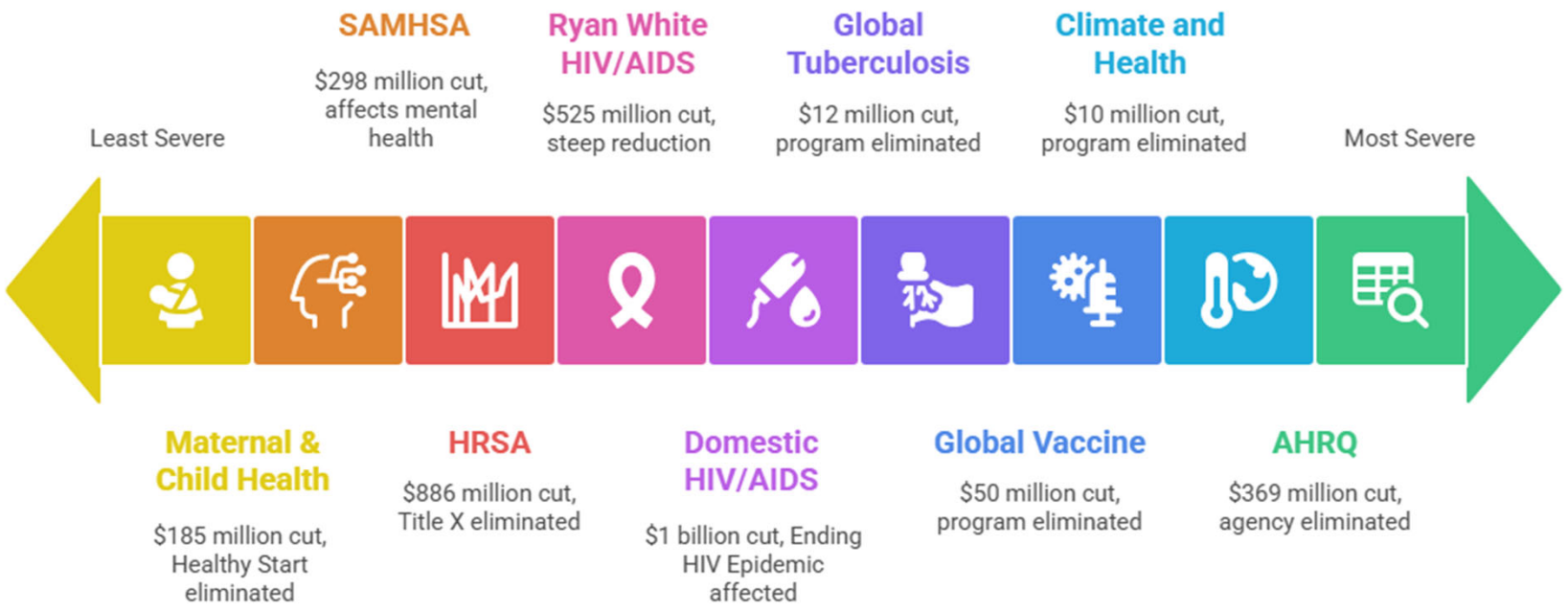
Current funding levels

-6% HHS

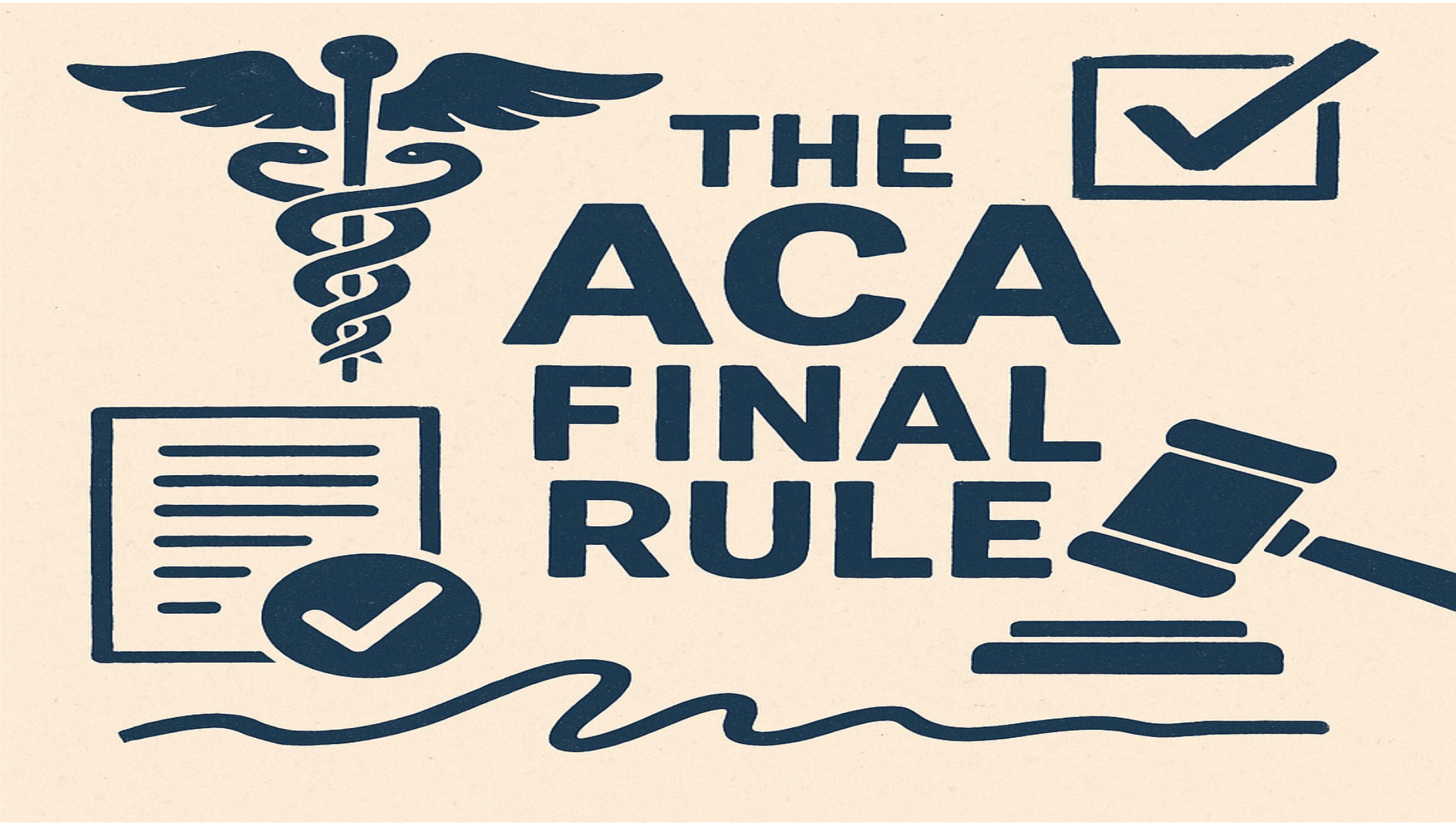
Reduction from FY2025 level

OBBBA: The Second Act

Public health programs ranked by funding reduction severity.



OBBBA: The Second Act


THE
ACA
FINAL
RULE

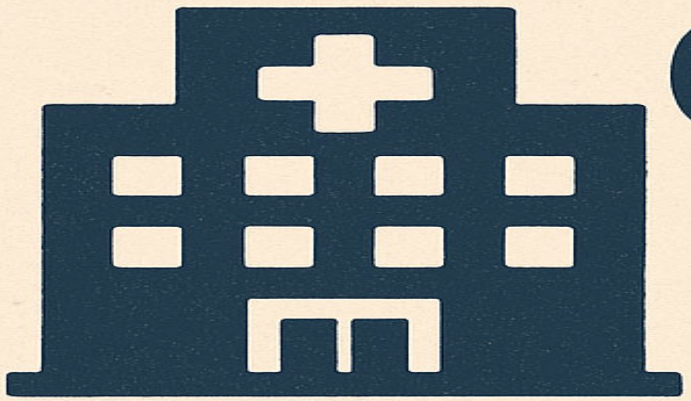
ACA Marketplace Integrity and Affordability Final Rule

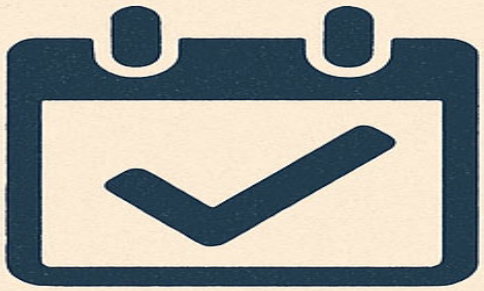
DECREASE COVERAGE
INCREASE ED UTILIZATION
INCREASE CHARITY CARE!
INCREASE BAD DEBT/COLLECTIONS

Changes to Enrollment Eligibility

Characteristic	Details
Lawfully present	Exclude DACA recipients
Open enrollment	Shorten period to Nov 1 - Dec 15
Special enrollment	Eliminate for <150% FPL income
SEP verification	Impose pre-enrollment procedures
Income verification	Use trusted sources, not self-attestation
Premium tax credit	Deny if failure to reconcile for one year
Premium payment	Require initial and past-due payments

MEDICARE PROPOSED HOSPITAL OPPS AND ASC





Medicare Proposed Hospital OPPS and ASC Payment System for Calendar Year 2026

The CY '26 OPPS Update

OPPS Fee Schedule Increase

A 2.4% increase in outpatient department fees (minus .8 percentage point productivity)

Hospital Inpatient Market Basket

A 3.2% increase in hospital inpatient market basket

Estimated CY 2026 Payments

Projected total payments to OPPS in 2026, approx. $100B

Increase from CY 2025

An $8.1 billion increase compared to 2025 payments

The CY '26 ASC Update

Extend Use of Hospital Market Basket Update

Extension of the policy through 2026

ASC Payment Rate Increase

2.4% increase for those meeting quality reporting requirements

Total Estimated Payments

Estimated total payments of $9.2 billion, a $480 million increase from 2025

Medicare Proposed Hospital OPPS Payment System for Calendar Year 2026

Site Neutrality: Controlling Outpatient Service Costs

Increasing Outpatient Costs

Uncontrolled service volume increases

Implement CY '19 Rule

Control clinic visit service costs for Medicare and beneficiaries

Expand Policy CY '26

Pay drug administration services at PFS payment rates

Solicit Comments

On expanding CMS method to control on-campus clinic visits

Reduced Outpatient Costs

Controlled service volume increases

Medicare Proposed Hospital OPPS Payment System for Calendar Year 2026

Proposed Payment Structure Comparison

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

Medicare Proposed Physician Fee Schedule for Calendar Year 2026

CY 2026 PFS Proposed Rule Changes

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

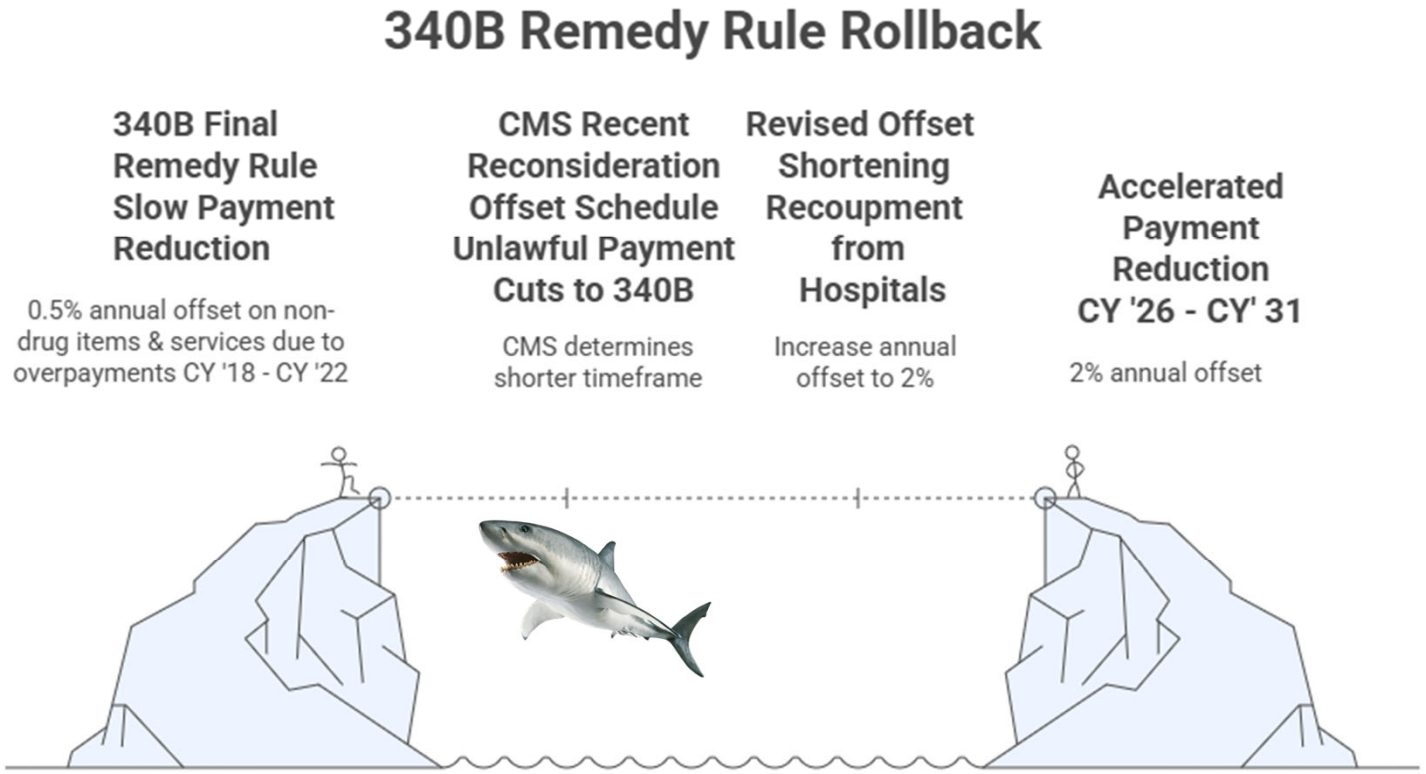
Medicare Proposed Physician Fee Schedule for Calendar Year 2026

CY 2026 Proposed PFS Site-of-Service Impact Examples

CPT	Service	Setting	2025 Total RVUs	2025 $ (CF $32.35)	2026 Total RVUs (Proposed)	2026 Payment (Proposed)	Dollar Change	% Change
33208	Permanent pacemaker implant	Facility (HOPD/ASC professional)	15.3	494.96	13.74	459.19	-35.76	-7.2
33361	TAVR (transfemoral)	Facility (HOPD/ASC professional)	35.51	1148.75	32.43	1083.81	-64.94	-5.7
92928	PCI with stent	Facility (HOPD/ASC professional)	17.21	556.74	13.91	464.87	-91.87	-16.5
93656	AF ablation	Facility (HOPD/ASC professional)	27.72	896.74	24.27	811.1	-85.64	-9.5
99214	E/M Level 4 (office/outpatient) billed in facility clinic (POS 22)	Facility (HOPD/ASC professional)	2.9	93.81	2.52	84.22	-9.6	-10.2
99214	E/M Level 4 (office/outpatient) performed in physician office (non-facility)	Office (Non-facility)	3.89	125.84	3.89	130	4.16	3.3

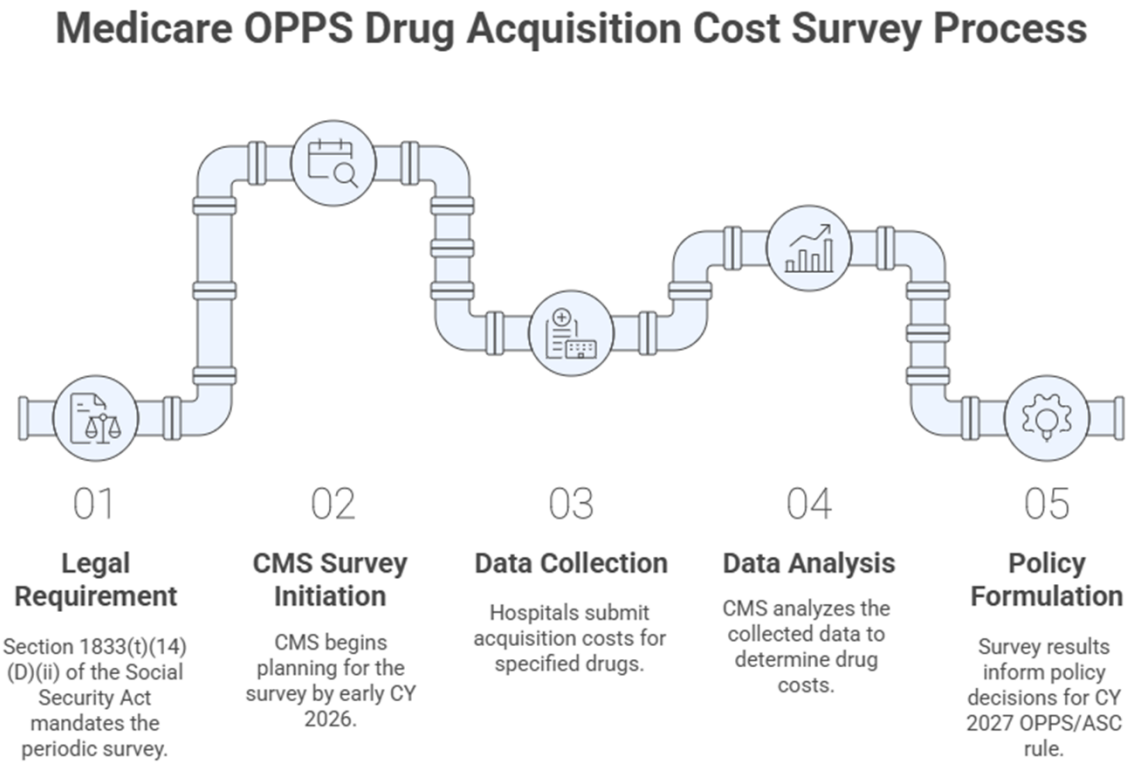
Medicare Proposed Hospital OPPS Payment System for Calendar Year 2026

ABSOLUTE LUNACY !!!



Medicare Proposed Hospital OPPS Payment System for Calendar Year 2026

POTENTIAL MANDATORY SURVEY



Medicare Proposed Hospital OPPS and ASC Payment System for Calendar Year 2026

CMS Phasing Out Inpatient Only List Beginning CY '26

CMS Proposal — CMS proposes phasing out the IPO list over 3 years

Initial Removal — 285 musculoskeletal procedures removed for CY '26

Outpatient Payment — Medicare to pay for these services in inpatient or outpatient settings

Physician Flexibility — Physicians have flexibility in service site determination

Two-Midnight Rule Medical Review Activities Exemptions

Exemption
Continues existing CY '21 exemption policy

VS

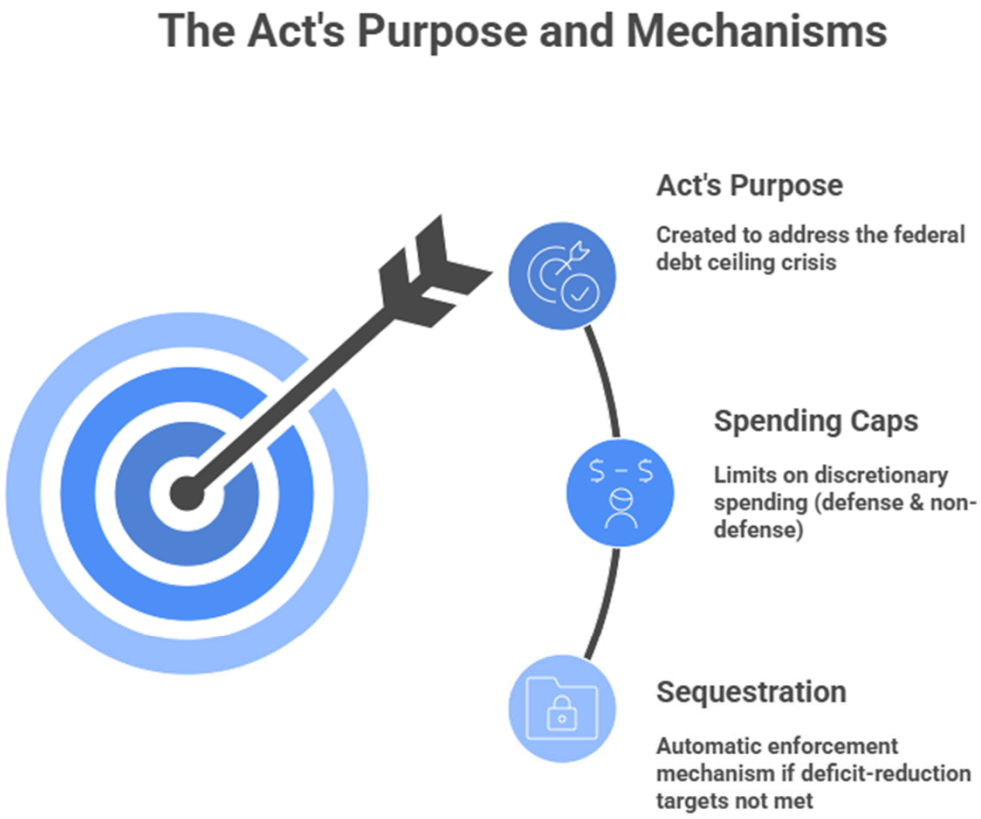
Review
Two-Midnight Rule exemptions May be reinstated if outpatient setting becomes common

Proposed Changes to ASC CPL for CY 2026

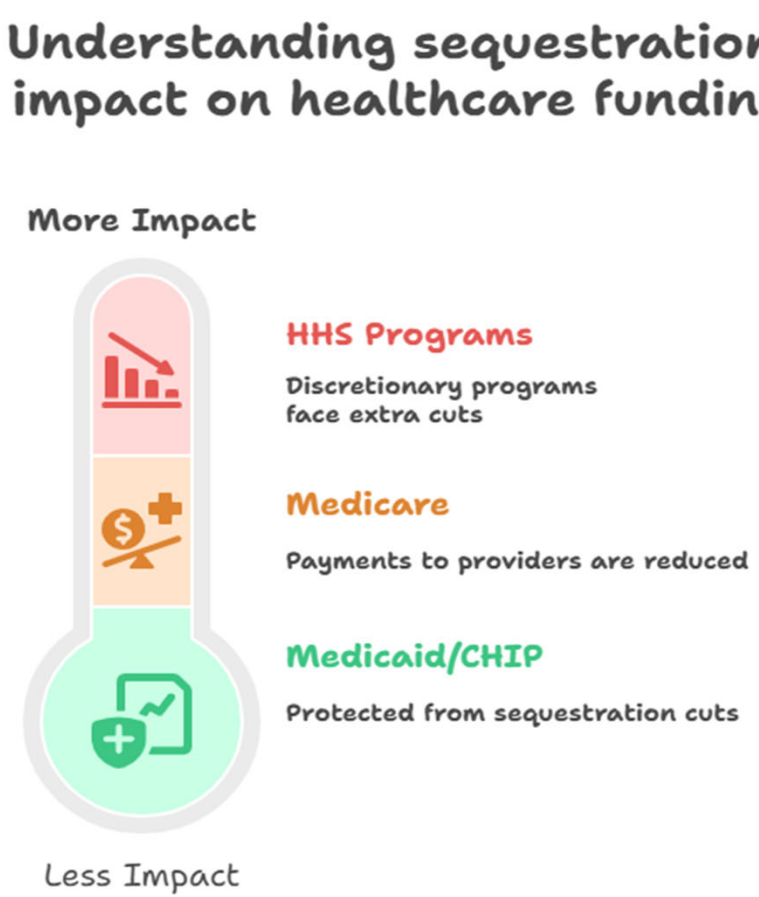
	Description	Impact
Criteria Revision	Modifying general standard criteria; eliminating five general exclusion criteria.	Increased procedures added to ASC CPL
IPO List Codes	Adding 271 codes proposed for removal from the IPO list.	Increased procedures added to ASC CPL
Physician Considerations	New section as nonbinding physician considerations for patient safety.	Maintains safety, allows medical judgment

MEDICARE SEQUESTRATION

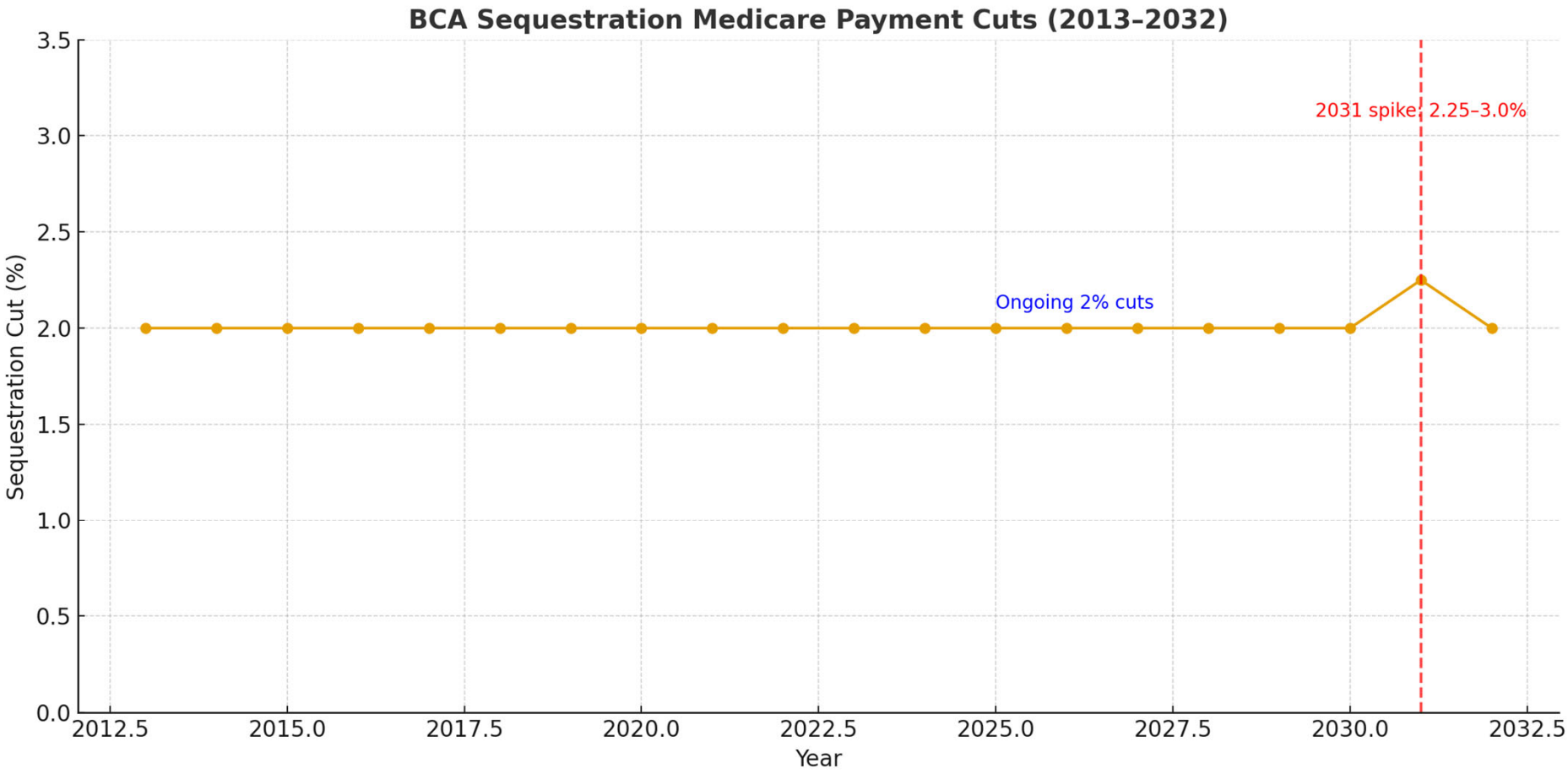
The Budget Control Act (BCA) of 2011



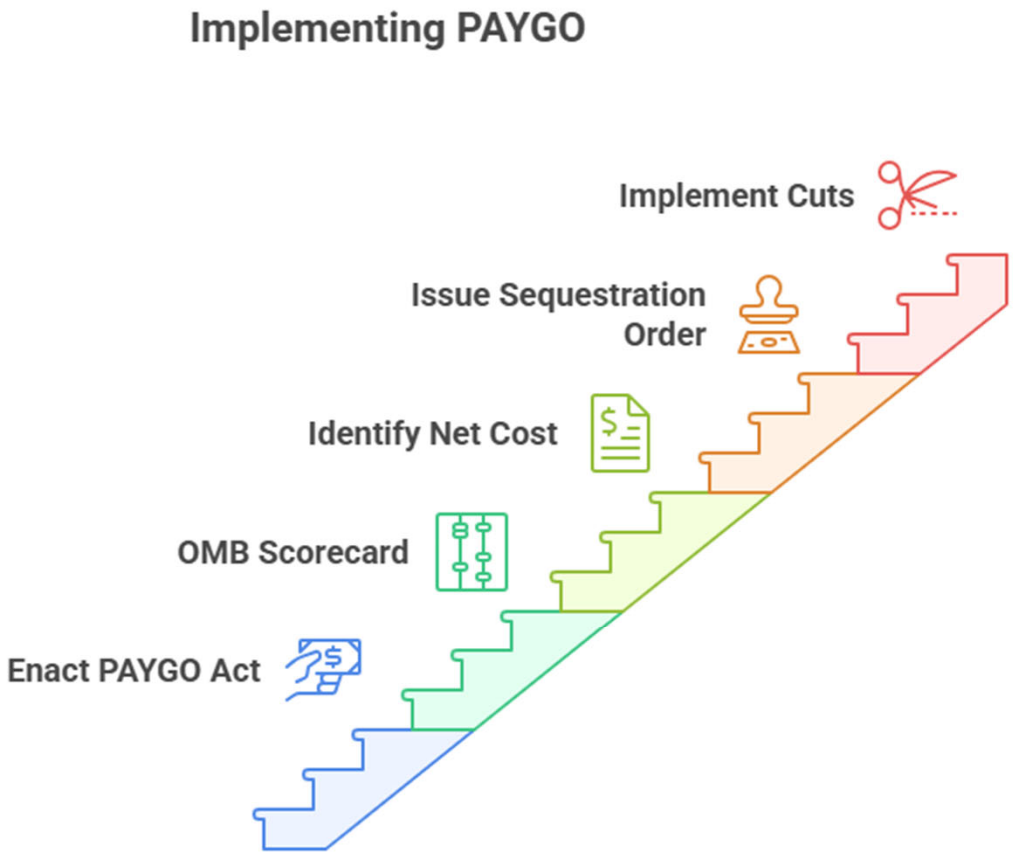
The Budget Control Act (BCA) of 2011



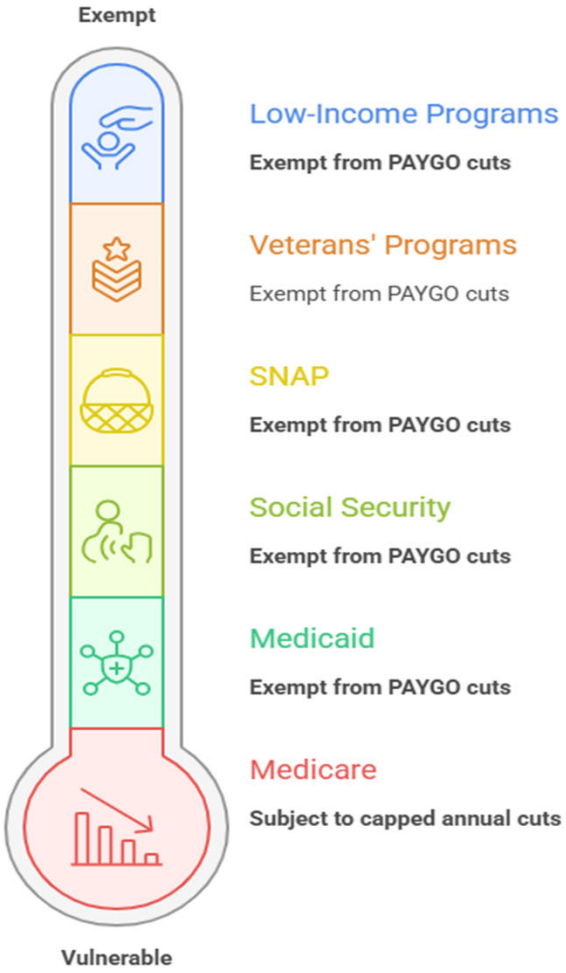
BCA Sequestration Medicare Cuts (2013 – 2032)



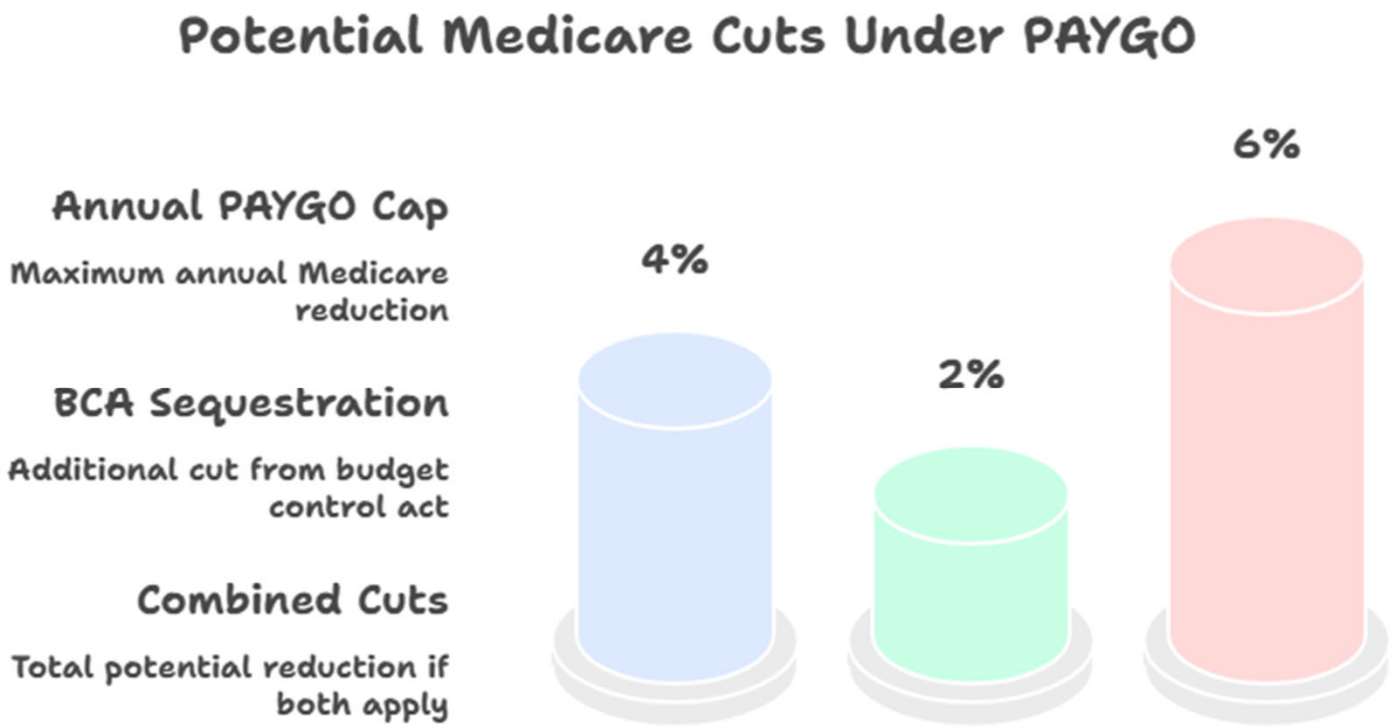
PAYGO: “Pay-As-You-Go”



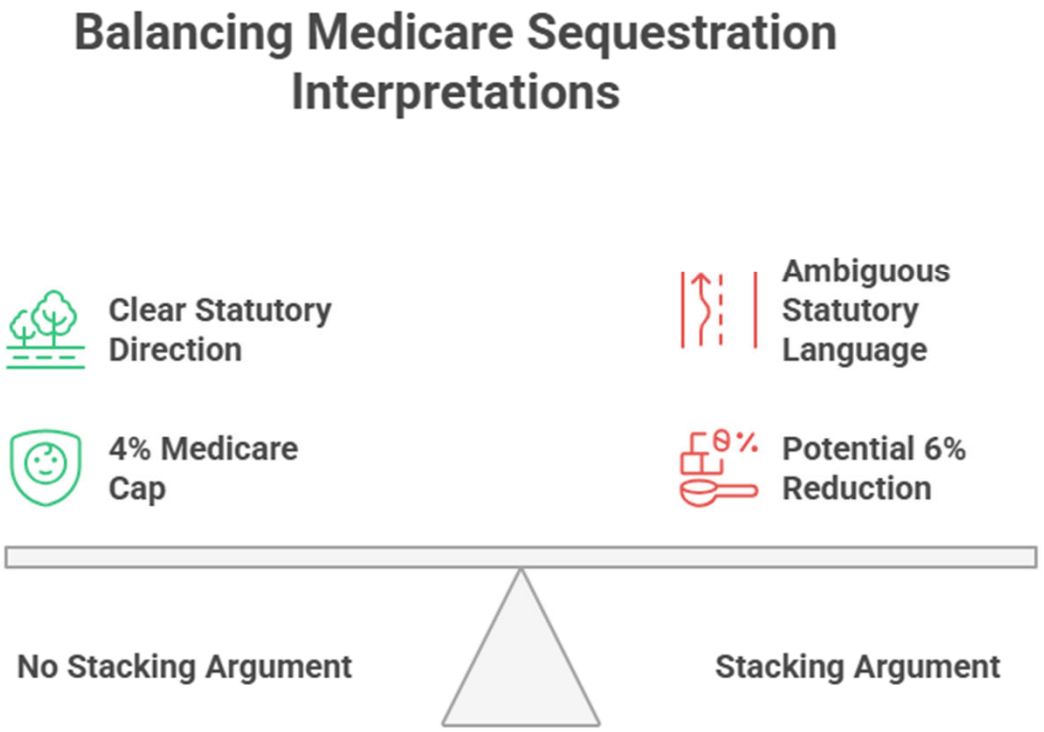
PAYGO:
Program Vulnerability



Uncharted Territory: BCA + PAYGO



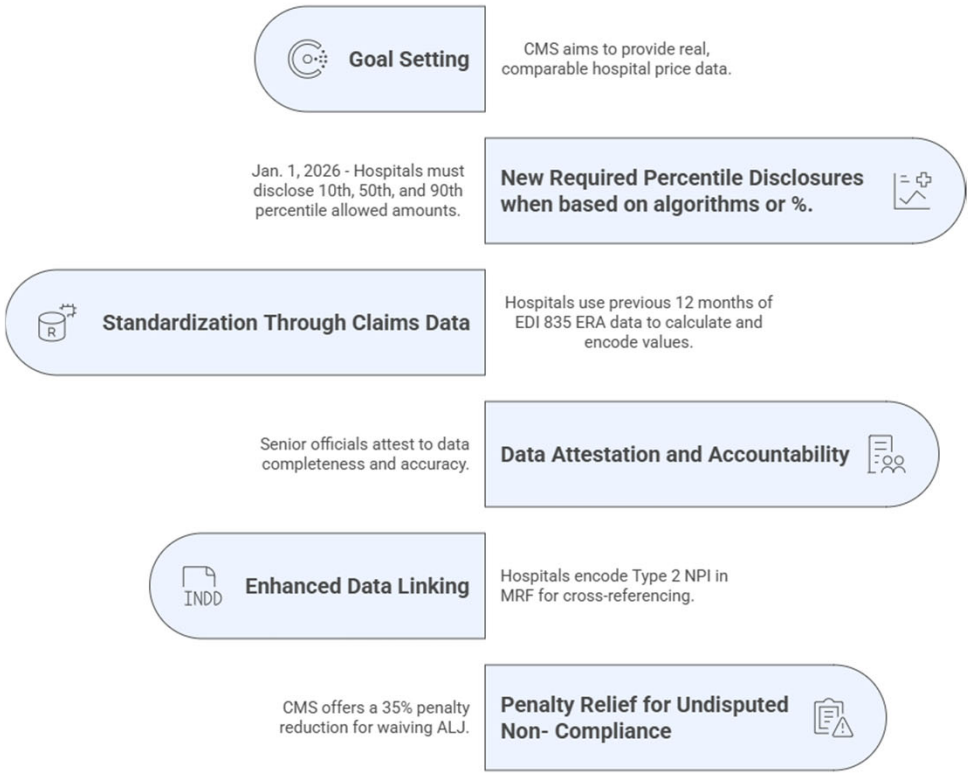
Shawn’s Research on BCA + PAYGO



HEALTHCARE
PRICE TRANSPARENCY

Medicare Proposed Hospital OPPS Payment System for Calendar Year 2026

CMS Proposed Updates to Hospital Price Transparency



All States

Technical Requirement Adoption

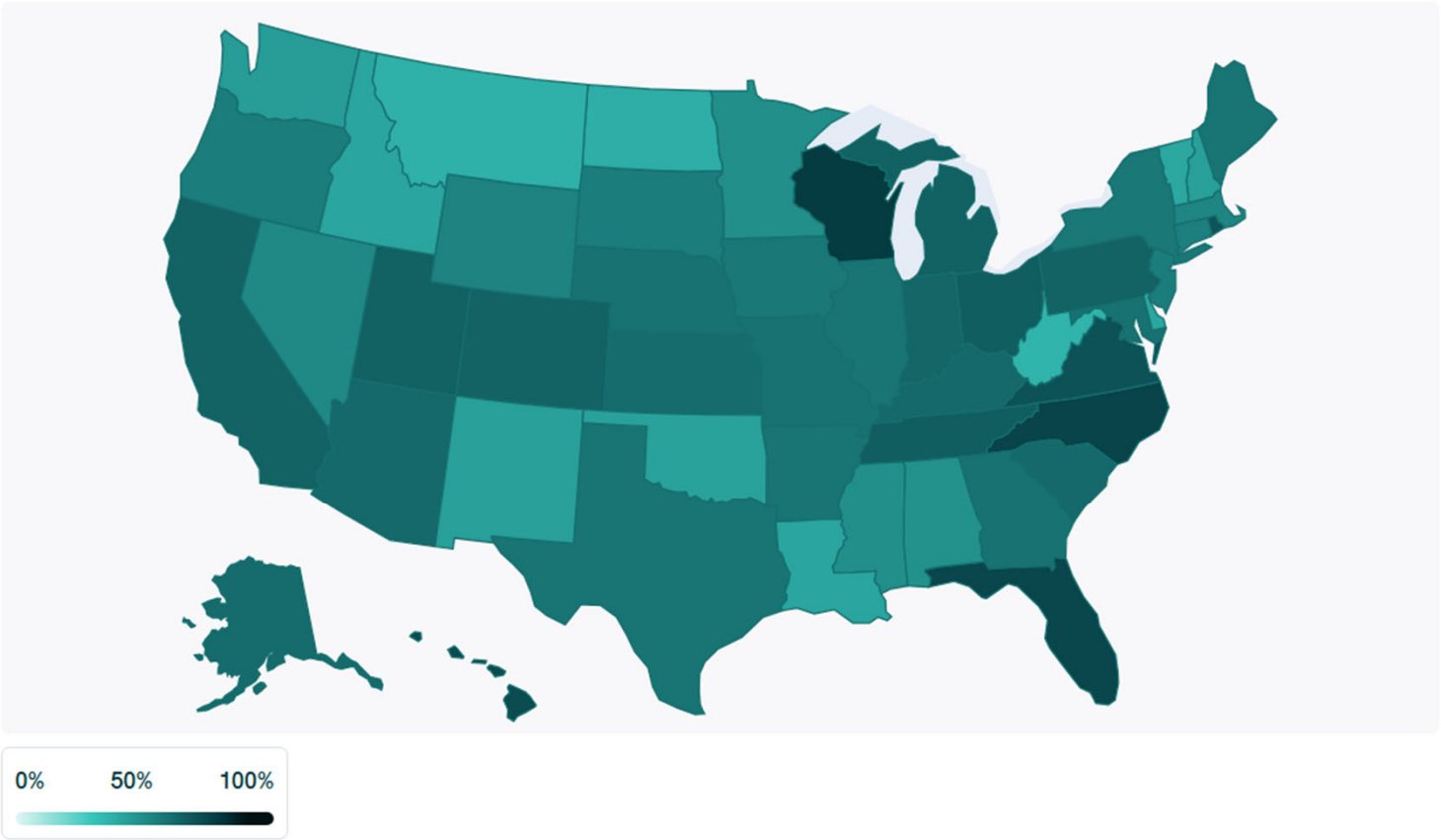
Last Refreshed 9/08/2025
100.0% Checked for V2.0 Adoption

68.6%
Meet Both Requirements

96.7%
Have Posted MRFs

69.3%
Text File Adoption

91.1%
V2.0 Schema Adoption



Michigan

Technical Requirement Adoption

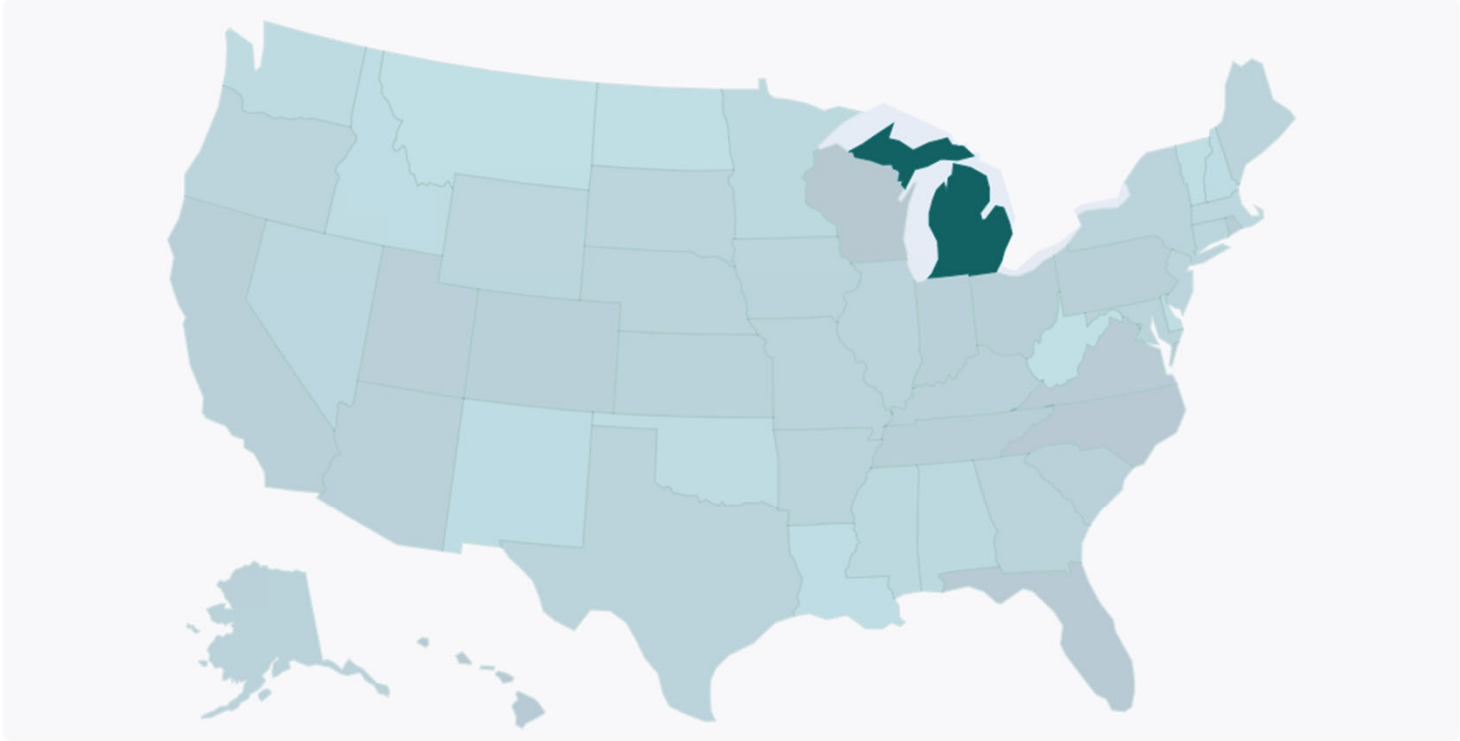
Last Refreshed 9/08/2025
100.0% Checked for V2.0 Adoption

75.0%
Meet Both Requirements

97.0%
Have Posted MRFs

75.0%
Text File Adoption

93.0%
V2.0 Schema Adoption



PATIENTS DESERVE PRICE TAGS ACT

Marshall and Hickenlooper's Price Tags Legislation

Draft Copy BAI25371 Provider Highlights:

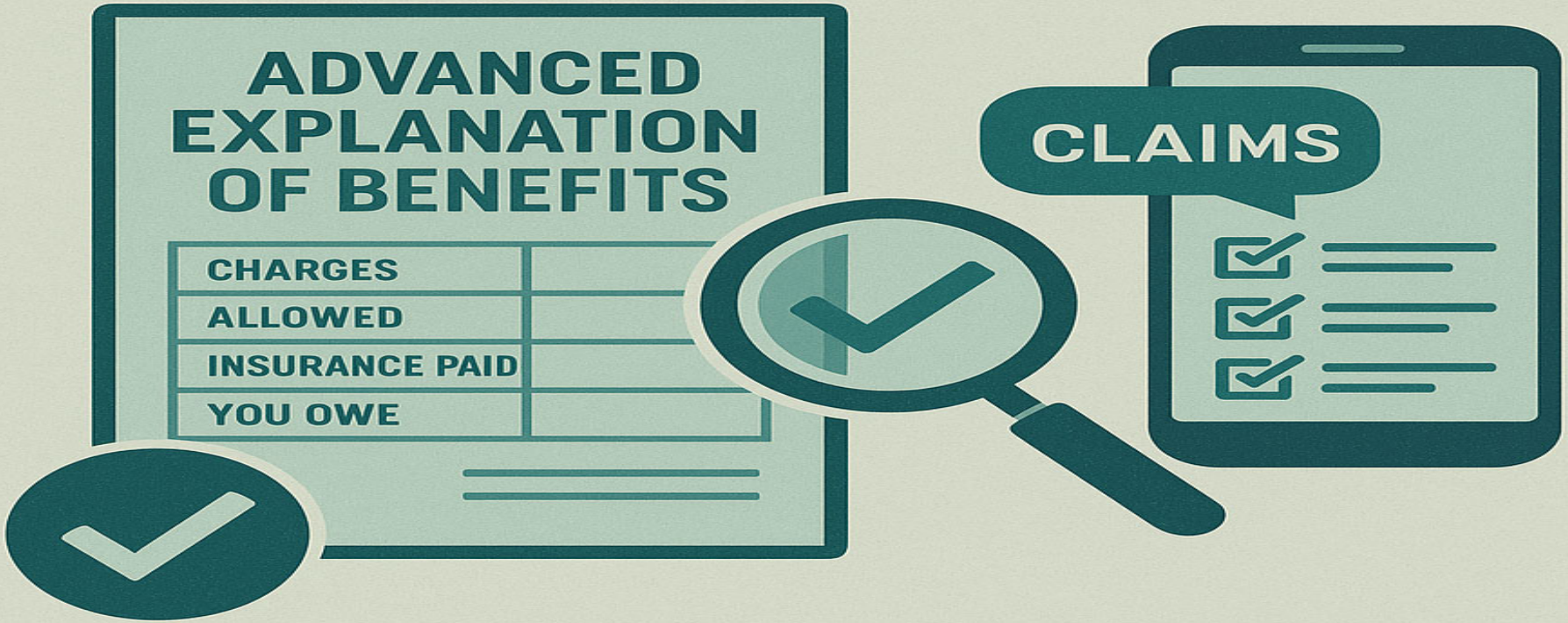
1. Monthly Updates to Machine Readable and Consumer-Friendly Pricing Files, Jan. 1, 2026;
2. Mandatory Listing of 300+ Shoppable Services by Jan. 1, 2027;
3. Price Estimator Tools Shall Not Be Used for the Purposes of Compliance;
4. Detailed Price Disclosures, Jan. 1, 2026;
5. CEO/CFO Attestation of Pricing Accuracy

Marshall and Hickenlooper's Price Tags Legislation

Draft Copy BAI25371 Provider Highlights:

6. Annual Compliance Audits by HHS;
7. Escalating CMPs up to $10M for Persistent Noncompliance;
8. Independent Clinical Labs, Imaging Providers, and Ambulatory Surgical Center Monthly Updated File Inclusion
9. Itemized Bill/Patient Billing Requirements
10. All Providers Support Payer EOBs

THE HEALTHCARE ADVANCED EXPLANATION OF BENEFITS



Proposed Advanced Explanation of Benefits (AEOB) Workflow Process

Any questions?

Ask now—before this turns into prior authorization.

- ☐ “Quick one” (the famous last words)
- ☐ “I’m asking for… my revenue integrity team”
- ☐ “Not a question, more of a comment…” (still welcome)

No referral required. Coinsurance waived for courageous questions.

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