



Financial Impact of Potential Site-Neutral Payment Policies on Individual Hospitals

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Congress is considering major expansions of site-neutral payment policy across hospital outpatient departments (HOPDs). Health economics consulting firm Dobson DaVanzo's new analysis, based on 2024 100% Medicare Fee-for-Service (FFS) claims for all short-term acute-care hospitals, quantifies how different versions of site-neutral reform—off-campus, on-campus, or both—would affect individual hospital revenue. While the analysis is limited to FFS, Medicare Advantage (now 54% of enrollment and 54% of spending) would likely double the total dollar impact were it included.

According to the analysis, this is the hospital financial hit in one year:

- Off-Campus Site Neutral: \$1.806 billion.
- On-Campus Site Neutral: \$25.374 billion.
- Total Site Neutral: \$27.18 billion.

How the Analysis Was Performed

Dobson DaVanzo evaluated all Outpatient Prospective Payment System (OPPS)-paid claims for FFS beneficiaries and isolated services that could be subject to site-neutrality:

- Excluded: OPPS-nonpayable services and all J-codes (drugs/biologics).
 - Also excluded: CMS' final CY26 OPPS rule that site neutralized payment for off-campus hospital drug administration services. [CBO says](#) one year impact is \$300 million.
- Identified: All hospital outpatient lines with PN (non-excepted off-campus) or PO (excepted off-campus) modifiers.
- Created hospital-level impact models using three conversion scenarios:
 - Convert excepted off-campus services (PO modifiers) to 40% of OPPS (Physician Fee Schedule – PFS - equivalent).
 - Convert on-campus services (no PN/PO modifier) to 40% of OPPS.
 - Apply both simultaneously to estimate the upper-bound impact.

[Click here](#) for the Dobson | DaVanzo detailed memorandum.

[Click here](#) for the complete Excel spreadsheet of total hospital impact.

What the Results Mean for Hospitals

The findings demonstrate that site-neutral reform—no matter the version—creates highly uneven impacts across hospitals. Hospitals with large outpatient footprints, multi-clinic networks, or sizable chronic-care and oncology service lines face by far the largest losses.

1. Off-Campus Site Neutrality Only (Eliminating PO Exceptions)

[Click here](#) for the Top 250 impacted hospitals, representing 75.8% of all site neutral payment reductions.

This scenario reduces payments for all currently excepted off-campus HOPDs to the PFS-equivalent rate (40% of OPSS).

Implications for hospitals:

- Hospitals with large networks of provider-based clinics see significant outpatient revenue erosion.
- Safety-net, rural, and academic systems that use off-campus sites to extend access face disproportionate cuts.
- Reductions often reach tens of millions of dollars per system and meaningful amounts even at a single-hospital level.

2. On-Campus Site Neutrality

[Click here](#) for the Top 250 impacted hospitals, representing 34.7% of all site neutral payment reductions.

Congress is also contemplating extending site neutrality to on-campus OPSS services as well.

Implications:

- This scenario impacts **every hospital** in the U.S., not just those with off-campus sites.
- Because most OPSS-billed volume remains on campus, this scenario captures a far larger share of total outpatient payments.
- Individual hospitals could lose the majority of OPSS technical-component revenue for commonly billed services.

3. Combined On-Campus + Off-Campus Site Neutrality

[Click here](#) for the Top 250 impacted hospitals, representing 36% of all site neutral payment reductions.

Dobson DaVanzo's "Total Impact" calculation applies both reductions simultaneously and represents the maximum exposure if Congress moves to full site neutrality.

Implications:

- Creates the largest per-hospital financial shock, affecting virtually all OPSS activity.
- Large integrated delivery systems, academic medical centers, and cancer centers face hundreds of millions in potential reductions.
- Even mid-sized regional hospitals see material budget risks, often in the 10–20% range of outpatient technical revenue.
- Could trigger service line retraction, clinic closures, layoffs, and reductions in access, particularly in rural and underserved communities.

Fact Check – Prohibition Against ‘Flipping’ Physician Practices

Hospitals have been prohibited from buying physician practices and then charging the OPSS rate since 2017. (Click [here](#) for the CMS rule.) Click [here](#) for additional details on federal prohibitions on HOPD billing.

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