

Memorandum

Date: August 6, 2026

To: Paul Lee
Senior Partner and Founder
Strategic Health Care

From: Dobson DaVanzo & Associates

Subject: Impact of Proposed Changed to Payments for Site Neutral Imaging

Background

This memorandum summarizes the methodology and findings of an updated analysis of the impact of the Center for Medicare and Medicaid Services' (CMS) site neutral off campus payment policy and possible expansions of that policy. In the Outpatient Prospective Payment System (OPPS) Notice of Proposed Rule Making (NPRM released July 7, 2026), the Centers for Medicare and Medicaid Services (CMS) proposed expanding the scope of services effected by site neutral payments. This change will affect providers of several non-contrast imaging services.

Many stakeholders believe that several of the procedures provided in what is currently designated a hospital outpatient department (HOPD) can be provided in a manner which is just as safe and effective in a physician's office or an ambulatory surgical center (ASC) at a much lower cost. This will have the effect of helping to rebalance Medicare expenditures, the growth of which is putting pressure on the federal budget.

Methodology

Through the following steps, Dobson | DaVanzo created a dataset to model the effects of the proposed change in payment using the 2025 Centers for Medicare and Medicaid Services (CMS) Research Identifiable File (RIF), which contains 100 percent claims data.

We followed the following steps:

- 1) We added Ambulatory Payment Classification (APC) and status indicator (SI) from Addendum B to the 2025 outpatient line data based on relevant HCPCS codes.
- 2) We flagged PN and PO modified lines.
- 3) We flagged status indicators to be excluded and included.

- 4) We flagged the 7 APCs listed by CMS:
 - a) 5521: Level 1 Imaging Without Contrast
 - b) 5522: Level 2 Imaging Without Contrast
 - c) 5523: Level 3 Imaging Without Contrast
 - d) 5524: Level 4 Imaging Without Contrast
 - e) 8004: Ultrasound Composite
 - f) 8005: CT and CTA Without Contrast Composite
 - g) 8007: MRI and MRA Without Contrast Composite
- 5) We included only claim lines for those with HCPCS assigned to one of the 7 APCs and a PO modifier.
- 6) We reduced the paid amount by 60% for those lines identified in Step 4.
- 7) We identified provider type based on provider number.
- 8) We included only short-term acute care hospitals.

The attached Excel file contains a facility level output of this analysis.