



ARTICLE

NAVIGATING THE SITE- NEUTRAL SQUEEZE

www.rgnmed.com | circles@rgnmed.com

THE REGULATORY CATALYST: SITE-NEUTRALITY AND MACHINE-READABLE TRUTH

The CMS 2026 Final Rule has introduced two simultaneous pressures that effectively commoditize traditional fee-for-service healthcare. First, the expansion of **site-neutral payments** – specifically a 60% reduction in reimbursement for drug administration services at off-campus hospital departments – signals the end of the "facility-fee premium". Second, the **April 1, 2026, Price Transparency** deadline mandates that hospitals and insurers move beyond "estimated" amounts to post actual, machine-readable dollar amounts (including median, 10th, and 90th percentile negotiated rates).

For the first time, these files require a formal **CEO attestation** regarding the accuracy of the data. This isn't just a disclosure rule; it is a federal mandate for data veracity that exposes every pricing inefficiency in the market.

THE EVIDENCE GAP: THE COMMODITIZATION OF THE SERVICE BUSINESS

As site-neutrality spreads to musculoskeletal and imaging services, the traditional MSO strategy of "geographic arbitrage" (billing at higher hospital-based rates) is collapsing. Simultaneously, price transparency allows payers and patients to see that the "Administrative Proxies" used for billing often bear no relation to actual clinical quality.

In this environment, an MSO that operates as a pure "Service Business" faces a valuation ceiling. If your only product is a procedure that is being transparently priced and neutrally reimbursed, your multiple is trapped at 6–8x EBITDA. To break this ceiling, you must move from selling a "service" to selling **Verified Clinical Veracity**.

THE CIRCLE SOLUTION: ENGINEERING THE INTEGRITY PREMIUM

The **Circles** platform provides the infrastructure to escape the fee-for-service race to the bottom. By implementing **Regulatory-Grade Governance** at the point of care, Circles transform the clinical encounter from a commodity into an **Audit-Ready "Ground Truth"** asset.

Surgical-Delay Proofing: As CMS eliminates the Inpatient-Only (IPO) list and moves 285 procedures to the outpatient setting in 2026, the demand for outcome proof is surging. Circles capture the Standardized Longitudinal Scores (e.g., functional recovery, pain reduction) that prove a procedure was both necessary and successful.

Beyond the Machine-Readable File: While the law mandates price transparency, Circles provide **Outcome Transparency**. This allows an MSO to justify its rates not by "negotiating power," but through **Outcome Engineering** that proves its services are more efficient and lower-risk than the competition.

Insurable Integrity: The platform's **Observational Protocols (OPs)** ensure that every documentation point is verified and timestamped. This provides the "Insurable Integrity" that protects the MSO's board from the new federal attestations regarding data accuracy.

STRATEGIC OUTCOME: MULTIPLE EXPANSION TO 12-15X

The convergence of 2026 CMS mandates provide a unique opportunity for **Multiple Expansion**. By utilizing Circles, an MSO reclassifies itself as a **Tech-Enabled Asset**.

The value of the enterprise is no longer tied to the volatile "site" of the service, but to the **Insurable Integrity** of the data generated. In a site-neutral world, the data is the only thing that cannot be commoditized. This shift moves the MSO from a 6-8x service multiple to a **12-15x tech-enabled asset multiple**, fundamentally decoupling the organization's value from the downward pressure of federal rate-setting.

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 circles@rgnmed.com



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