

## **CMS Fiscal Year (FY) 2027 Hospital Inpatient Prospective Payment System (IPPS) and Long-Term Care Hospital Prospective Payment (LTCH PPS) Proposed Rule Fact Sheet**

The Centers for Medicare and Medicaid Services (CMS) published the fiscal year (FY) 2027 Hospital Inpatient Prospective Payment System (IPPS) and Long-Term Care Hospital Prospective Payment (LTCH PPS) [Proposed Rule](#) on April 14, 2026, with comments due on June 9, 2026. CMS published a [fact sheet](#) on the proposed rule.

### **Background**

Most acute care hospitals are paid for inpatient stays under the IPPS, and long-term care hospitals are paid under the LTCH PPS. Under these two payment systems, CMS prospectively sets base payment rates for inpatient stays, generally based on a patient's diagnosis, the services or treatment provided, and the severity of illness. CMS is required to update payment rates for IPPS hospitals annually and account for changes in the prices of goods and services hospitals use when treating Medicare patients, as well as other factors. For FY 2027, CMS projects a 2.4 percent proposed increase in IPPS payment rates.

### **Key Provisions of the Proposed Rule**

#### Proposed Changes to the MS-DRG Diagnosis Codes

- Modification of the severity level designation of the following diagnosis codes from complication or comorbidity (CC) to non-complication or comorbidity (NonCC) for FY 2027:
  - Z59.00 Homelessness, unspecified;
  - Z59.01 Sheltered homelessness;
  - Z59.02 Unsheltered homelessness;
  - Z59.10 Inadequate housing, unspecified;
  - Z59.11 Inadequate housing environmental temperature;
  - Z59.12 Inadequate housing utilities;
  - Z59.19 Other inadequate housing;
  - Z59.811 Housing instability, housed, with risk of homelessness;
  - Z59.812 Housing instability, housed, homelessness in past 12 months; and
  - Z59.819 Housing instability, housed unspecified.

#### Proposed Changes to the Medicare Promoting Interoperability Program

- Revised definition of certified electronic health record technology (CEHRT) for the Medicare Promoting Interoperability Program to be consistent with proposed modifications to the Office of the National Coordinator for Health IT (ONC) health IT certification criteria, specifically, the removal of references to the following certification criteria, effective January 1, 2027:
  - Family health history;
  - Patient health information capture;
  - Automated numerator recording; and
  - Automated measure calculation.

- Removal of the required ONC Direct Review Attestation and optional ONC-Authorized Certification Body (ONC-ACB) Surveillance Attestation, beginning with the EHR reporting period in calendar year (CY) 2026.
- Removal of the Support Electronic Referral Loops by Sending Health Information measure and the Support Electronic Referral Loops by Receiving and Reconciling Health Information measure under the Health Information Exchange objective, beginning with the EHR reporting period in CY 2028.
- Proposed Changes to the Electronic Prior Authorization Measure:
  - Modifications to the measure description “For at least one medical item or service (excluding drugs) ordered during a hospital encounter that occurs within the EHR reporting period, the prior authorization is requested electronically through a Prior Authorization API using CEHRT” including:
    - Revision of the phrase “using data from CEHRT” to read “using CEHRT”; and
    - Revision of the word “discharge” to “encounter.”
  - Modification of the measure to be optional and eligible for 10 bonus points for eligible hospitals and critical access hospitals (CAHs) that attest “Yes” to the measure for the EHR reporting period in CY 2027, then requiring a “Yes” attestation to the measure beginning with the EHR reporting period in CY 2028.
  - A request for information seeking insights on how CMS can further strengthen the measure in a manner that incentivizes progress while minimizing burden and information on barriers and challenges small, rural, or otherwise under-resourced eligible hospitals and CAHs might face reporting a performance-based electronic prior authorization measure.
- Adoption of the Unique Device Identifiers for Implantable Medical Devices measure under the Public Health and Clinical Data Exchange objective, with a request for information on future modifications to this measure if adopted.
- Proposals to align electronic clinical quality measures (eCQMs) across the Medicare Promoting Interoperability Program and the Hospital Inpatient Quality Reporting Program.