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

Last updated: August 3, 2026

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) Final Rule on July 31, 2026. CMS published a fact sheet on the final rule. The finalized policies are effective on October 1, 2026.

Key Finalized Policies

Changes to the MS-DRG Diagnosis Codes

- CMS finalized changes to the severity level designations 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.

Changes to the Medicare Promoting Interoperability Program

- CMS finalized policies to:
    - Remove and revise certification criteria required for the Medicare Promoting Interoperability Program in alignment with proposals made by the Office of the National Coordinator for Health IT (ONC) in the Health Data, Technology, and Interoperability: Assistant Secretary for Technology Policy (ASTP)/ONC Deregulatory Actions to Unleash Prosperity proposed rule (HTI-5 proposed rule);
    - Remove ONC Direct Review and ONC-Authorized Certification Body (ONC-ACB) Surveillance attestations beginning with the EHR reporting period in CY 2026;
    - Remove, with modification to delay removal an additional year, the Support Electronic Referral Loops by Sending Health Information and Support Electronic Referral Loops by Receiving and Reconciling Health Information measures beginning with the EHR reporting period in CY 2029;
    - Modify the Electronic Prior Authorization measure as an optional bonus measure for the EHR reporting period in CY 2027 and mandatory beginning with the EHR reporting period in CY 2028; and
    - Add the Unique Device Identifiers for Implantable Medical Devices measure to the Public Health and Clinical Data Exchange objective beginning with the EHR reporting period in CY 2027.

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