

# Proposed IPPS Rule Strategy & Comments

## Rural Health Transformation Funds



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# Proposed Inpatient Prospective Payment System Rule

## FY 2027 Executive Summary

Educational session deck based on CMS-1849-P proposed rule materials

### Key anchors

- 2.4% proposed IPPS update for qualifying hospitals
- ~\$1.4B aggregate hospital payment increase
- Quality, PI, and eCQM changes
- CJR-X would begin Oct. 1, 2027
- Comments due June 9, 2026

# 1. Executive takeaways

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- Payment outlook is positive, but modest: CMS proposes a 2.4% update, reflecting a 3.2% market basket update less a 0.8 percentage-point productivity adjustment.
- Aggregate dollars increase overall, but individual hospital impact will still depend on wage index, case mix, DSH/UCC, NTAP, and quality/payment adjustments.
- This proposed rule is more than a rate update: it signals meaningful work ahead in quality reporting, informatics, interoperability, and care redesign.
- Leadership should view FY 2026–FY 2027 as the preparation window, not the waiting period.



## 2. Finance and reimbursement implications

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**2.4%**  
**proposed**  
**update**

**\$1.4B**  
**projected**  
**hospital**  
**increase**

**\$464M**  
**projected NTAP-**  
**related increase**

- Budget modeling should test hospital-specific offsets rather than assume the national update flows straight to margin.
- Temporary Medicare-Dependent Hospital and low-volume hospital enhancements expire December 31, 2026 under current law unless extended by Congress.
- LTCH PPS is also proposed to increase 2.4%, with the FY 2026 outlier threshold maintained.

### 3. Quality reporting and value-based purchasing changes

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- New IQR proposals include Excess Days in Acute Care After Hospitalization for Diabetes, Hospital Harm–Postoperative Venous Thromboembolism, and Advance Care Planning eQMs.
- CMS proposes recalibration of mortality and excess-days measures by adding Medicare Advantage patients and shortening performance periods from 3 years to 2 years.
- Legacy eQMs proposed for removal include VTE-1, VTE-2, and STK-02.
- Malnutrition Care Score and hospital harm eQMs move toward mandatory status after transition periods.
- Hospital Readmissions Reduction Program would add a sepsis readmission measure; HACRP has no proposed updates.



## 4. Interoperability and operational readiness

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### **EHR + PI program**

- CEHRT definition updated
- Prior auth measure modified
- Referral-loop measures removed

### **Data + reporting**

- UDI reporting for implantable devices
- Public health / clinical data exchange expectations continue to expand
- Measure specifications will drive build work

### **Why this matters now**

- Informatics, compliance, HIM, quality, and clinical leaders need a shared implementation roadmap.
- Hospitals should inventory documentation, abstraction, interface, and governance changes that may be needed before final rulemaking.

## 5. Strategic watch items

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- CJR-X would expand episode-based accountability nationwide for lower-extremity joint replacements beginning October 1, 2027, with limited exclusions.
- Organizations with orthopedic concentration should assess surgeon alignment, post-acute network readiness, care pathways, and episode analytics.
- The rule also includes graduate medical education, nursing/allied health nondiscrimination requirements and organ acquisition/cost allocation clarifications.
- Comment-letter triage should focus on items with the greatest operational cost, data burden, or reimbursement risk before June 9, 2026.
- The quartile elimination transition is basically gone – Follow SB 4233 Low Wage Index Legislation
- NON CMS item – 340(b) re-attempt to implement expanded pilot under guise of abuse by facilities



## 6. Suggested questions and strategies for comments

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- How much of our FY 2027 planning assumption depends on the proposed 2.4% update versus hospital-specific offsets?
- Which proposed quality changes require new data capture, workflow redesign, or informatics builds?
- Where do sepsis, diabetes, malnutrition, maternal health, and post-op harm priorities already align with the proposed rule?
- If CJR-X proceeds, are our orthopedic service lines and post-acute partners ready by October 1, 2027?
- Which proposals warrant formal comments from our organization?

# - Today's Presenter -

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