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Subject: WHA Quality Alert: CMS releases FY 2027 IPPS Final Rule and Statement on the CJR-X Joint Replacement Model

Good afternoon, Quality Leaders,

Today, the Centers for Medicare & Medicaid Services (CMS) issued a final rule that updates Medicare payment policies and rates for inpatient and long-term care hospitals under the Medicare hospital Inpatient Prospective Payment System (IPPS) and Long-Term Care Hospital Prospective Payment System (LTCH PPS) for fiscal year (FY) 2027.

The final rule updates Medicare fee-for-service payment rates and policies for inpatient hospitals and LTCHs for FY 2027. CMS is publishing this final rule to meet the legal requirements to update Medicare payment policies for IPPS hospitals and LTCHs on an annual basis. The [fact sheet](#) discusses major provisions of the final rule, which can be downloaded from the [Federal Register](#).

Here are some overall highlights:

- Beginning October 1, 2026, hospitals will get a 2.3% increase in payments based on a 3.2% increase in the market basket and offset by 0.9% for productivity improvements. CMS estimates total payments will grow by \$2.1 billion. The rule also grants long-term care hospitals an identical 2.3% increase in payment rates.
- Beginning January 1, 2028, CMS will expand the Comprehensive Care for Joint Replacement model ([CJR-X](#)) nationwide and make participation mandatory. The program is meant to improve care for Medicare patients having hip, knee and ankle replacement surgery in the inpatient and outpatient settings. You can view the full CMS [CJR-X press release](#) for additional details.
- Hospitals receiving Medicare Graduate Medical Education funding must ensure residency programs do not discriminate or use race, sex, religion, national origin, age, disability, or proxies for those characteristics in selecting residents or allocating opportunities.
- CMS also finalized changes to its hospital quality reporting and payment programs. Please see the fact sheet for details on those proposals.

Thanks,

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