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FY 2027 IPPS Proposed Rule: Quality Program Proposals

On April 10, 2026, the Centers for Medicare & Medicaid Services (CMS) issued the fiscal year (FY) 2027 Hospital Inpatient Prospective Payment Systems (IPPS) for Acute Care Hospitals and the Long-Term Care Hospital (LTCH) Prospective Payment System proposed rule. CMS released a fact sheet and a press release on the Comprehensive Care for Joint Replacement Expanded (CJR-X) Model accompanying the rule.

Key proposed updates to quality programs include:

- **Cross-Cutting Proposals:** Advance a system-wide shift toward digital, outcome-based measurement by adopting an Advance Care Planning (ACP) electronic clinical quality measure (eCQM) across programs and reintroducing five modified 30-day mortality measures.
- **Hospital Inpatient Quality Reporting (IQR) Program:** Expand outcome-focused measurement by adding new measures, incorporating Medicare Advantage into existing measures, removing measures, and increasing reliance on EHR-based reporting.
- **Hospital-Acquired Condition Reduction Program (HACRP):** CMS proposes no changes to the HAC Reduction Program for FY 2027.
- **Hospital Readmissions Reduction Program (HRRP):** Adopt a new sepsis readmissions measure beginning FY 2029 and continue expanding the program to include Medicare Advantage beneficiaries.
- **Hospital Value-Based Purchasing (VBP) Program:** Transition modified mortality measures into VBP and seeks input on future measures.
- **PPS-Exempt Cancer Hospital Quality Reporting (PCHQR) Program:** Add ACP and Malnutrition Care Score eCQMs, removes the COVID-19 vaccination measure, and aligns reporting requirements with the IQR Program.
- **Medicare Promoting Interoperability (PI) Program:** Advance interoperability and digital quality reporting by adopting new eCQMs, operationalizing electronic prior authorization requirements, introducing a UDI measure, updating certified

electronic health record technology (CEHRT) definitions, and removing select administrative requirements.

- **LTCH Quality Reporting Program:** Streamline the measure set by removing COVID-19 measures and accelerate data submission timelines to improve reporting timeliness.

This proposed rule is scheduled to be published in the *Federal Register* on April 14, 2026, and comments are due by 5:00 pm EDT on June 9, 2026.

CROSS-CUTTING PROPOSALS

Pages 650-692 of the unpublished rule

In this proposed rule, CMS advances several crosscutting quality program proposals aligned with a two-pronged strategy focused on (1) patient-centered documentation and (2) outcome-based accountability. CMS proposes to adopt a new ACP eCQM across the Hospital IQR, PPS-Exempt Cancer Hospital Quality Reporting, and Medicare PI programs beginning with the CY 2028 reporting period/FY 2030 payment determination. The measure uses EHR-derived data to assess the proportion of adult inpatients with documented care preferences or ACP discussions by discharge, aiming to address persistently low ACP engagement and improve alignment of care with patient preferences through standardized, interoperable documentation.

In parallel, CMS proposes to reintroduce and modify five 30-day mortality measures (AMI, HF, pneumonia, COPD, CABG) into the Hospital IQR Program for FY 2028–2031 and transition them to the Hospital VBP Program beginning FY 2032. Key updates include expanding the measure population to include Medicare Advantage beneficiaries, shortening the performance period from three to two years, and improving risk adjustment using ICD-10–level data. These measures rely on administrative claims and encounter data, thereby enhancing reliability, representativeness, and timeliness without adding reporting burden.

HOSPITAL INPATIENT QUALITY REPORTING PROGRAM

Pages 693-755 of the unpublished rule

The Hospital IQR Program is a pay-for-reporting program designed to improve healthcare quality, with hospitals subject to reductions in their IPPS Annual Payment Update if requirements are not met. CMS proposes several updates to the IQR measure set, including adoption of the following measures:

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- Excess Days in Acute Care after Hospitalization for Diabetes (Diabetes EDAC) measure (claims-based; July 1, 2025–June 30, 2027 performance period/FY 2029 payment determination)
- Advance Care Planning (ACP) electronic clinical quality measure (eCQM) (EHR-based; CY 2028 reporting/FY 2030 payment)
- Hospital Harm—Postoperative Venous Thromboembolism (VTE) eCQM (EHR-based; CY 2028 reporting/FY 2030 payment)
- Five modified 30-day mortality measures (AMI, heart failure, pneumonia, COPD, CABG) (claims-based; beginning FY 2028 in IQR with transition to Hospital VBP)

CMS also proposes modifications to existing EDAC measures (AMI, heart failure, pneumonia) beginning in FY 2028 to include Medicare Advantage beneficiaries and shorten the performance period from three to two years, improving timeliness and representativeness. In parallel, CMS proposes removing several topped-out or process-based measures (including VTE-1, VTE-2, and STK-02) beginning CY 2028/FY 2030 and replacing them with more outcome-focused measures. CMS further proposes updates to eCQM reporting requirements beginning CY 2028/FY 2030, including mandatory reporting of the Malnutrition Care Score eCQM and a phased transition to mandatory reporting of all Hospital Harm eCQMs after two years of voluntary reporting. Collectively, these proposals rely on EHR-derived and claims-based data to advance a more digital, outcome-focused quality measurement framework while improving patient safety and minimizing incremental reporting burden.

HOSPITAL-ACQUIRED CONDITION REDUCTION PROGRAM

Page 586 of the unpublished proposed rule

The HACRP penalizes hospitals that rank in the bottom quartile nationally on six quality measures related to hospital-acquired conditions. CMS is not proposing any updates to this program for FY 2027.

HOSPITAL READMISSIONS REDUCTION PROGRAM

Pages 551-573 of the unpublished proposed rule

In the HRRP, CMS applies a payment reduction of up to 3 percent to hospitals based on their performance on six procedure-specific readmission measures. CMS is proposing to adopt the Hospital 30-Day, All-Cause, Risk-Standardized Readmission Rate Following Sepsis Hospitalization measure (Sepsis Readmission measure) for the FY 2029 program year. The purpose of this measure is to improve patient outcomes, encourage improvements in

patient safety and quality across the care continuum, and promote evidence-based practices, including better discharge planning.

The measure would include both Medicare Fee-for-Service and Medicare Advantage beneficiaries, consistent with the program's finalization of a policy in the FY 2026 IPPS/LTCH PPS final rule to integrate MA beneficiaries into the HRRP measure set.

HOSPITAL VALUE-BASED PURCHASING PROGRAM

Pages 574-585 of the unpublished proposed rule

The Hospital VBP Program operates under a budget-neutral framework, in which participating hospitals' base operating DRG payments are reduced by 2 percent each fiscal year. The withheld funds are then redistributed back to hospitals as value-based incentive payments. As mentioned in the Cross-Cutting Proposal section of this summary, CMS proposes to transition five 30-day mortality measures (AMI, HF, pneumonia, COPD, CABG) into the Hospital VBP and proposes modifications of these measures to include Medicare Advantage beneficiaries and shorten the performance period from three to two years.

Additionally, CMS includes two requests for information regarding the use of new measures including:

- Potential use of the Emergency Care Access and Timelines eCQM for the inpatient setting; and
- Potential future use of the Adult Community-Onset Sepsis Standardized Mortality Ratio measure.

PPS-EXEMPT CANCER HOSPITAL QUALITY REPORTING PROGRAM

Pages 756-775 of the unpublished proposed rule

The PCHQR Program is a quality-reporting program for the eleven cancer hospitals that are exempt from the IPPS. For FY 2027, CMS proposes adopting two new electronic clinical quality measures (eCQM) for the FY 2030 performance year, including the Advance Care Planning eCQM, as mentiond in the Cross-Cutting Proposals section of our summary, and the Malnutrition Care Score eCQM—formerly the Global Malnutrition Composite Score eCQM.

CMS also proposes to remove the COVID-19 Vaccination Coverage Among Healthcare Personnel measure beginning with the FY 2028 program year and establish reporting and submission requirements for eCQMs in the PCH setting to align with the Hospital IQR Program.

MEDICARE PROMOTING INTEROPERABILITY PROGRAM

Pages 791-858 of the unpublished proposed rule

The Medicare PI Program encourages hospitals to adopt and demonstrate meaningful use of CEHRT. For FY 2027, CMS is proposing several changes, one of which was addressed in the Cross-Cutting Proposals section of this summary—the proposed adoption of the ACP eCQM for the FY 2030 payment determination. In addition to this measure, CMS proposes to:

- Adopt the Hospital Harm-Postoperative Venous Thromboembolism eCQM beginning with the FY 2030 payment determination
- Remove three eCQMs beginning with the FY 2030 payment determination to align with the Hospital Inpatient Quality Reporting Program (Venous Thromboembolism Prophylaxis – VTE-1, Intensive Care Unit Venous Thromboembolism Prophylaxis – VTE-2 and Discharged on Antithrombotic Therapy – STK-02– eCQMs).
- Remove ONC Direct Review and ONC-Authorized Certification Body surveillance attestations, as neither attestation requires any specific action. This proposal follows CMS's recognition of the need to reduce administrative burdens.
- Modify the Electronic Prior Authorization measure. CMS proposes to clarify the measure description to align with updated regulations, including Office of the National Coordinator for Health IT's (ONC) HTI-4, HTI-5, and the newly proposed Prior Authorization for Drugs proposed rule; make this measure a bonus measure for CY 2027; and require the measure beginning with the EHR Reporting Period in CY 2028. Additionally, CMS issues a request for information on a future performance-based measure of electronic prior authorization.
- Adopt a Unique Device Identifiers (UDI) for Implantable Medical Devices Measure in the Public Health and Clinical Data Exchange Objective, as CMS believes this measure will further surveillance benefits. Additionally, CMS issues an RFI on potential future directions of this measure and additional options for utilizing UDI.

Additionally, CMS offers several proposals to align with proposals in the ONC HTI-5 proposed rule:[1]

- Update the definition of CEHRT based on proposals from ONC, including the removal of references to "family health history," "patient health information capture," "automated number recording," and "automated measure calculation."

[1] 90 FR 60970

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- Remove the Support Electronic Referral Loops by Sending Health Information and Support Electronic Referral Loops by Receiving and Reconciling Health Information Measures in the Health Information Exchange objective.

LTCH QUALITY REPORTING PROGRAM

Pages 776-790 of the unpublished rule

The LTCH QRP)is a pay-for-reporting program under which LTCHs that fail to meet reporting requirements are subject to a 2 percentage point reduction in their annual payment update. CMS proposes targeted updates focused on measure set alignment and timeliness of data reporting, with no new measures proposed for adoption.

CMS proposes to remove the following measures beginning with the FY 2028 LTCH QRP:

- COVID-19 Vaccination Coverage Among Healthcare Personnel (HCP) measure
- COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date measure

These removals reflect updated clinical guidance and the transition away from Public Health Emergency-era policies, as COVID-19 vaccination is now based on shared clinical decision-making rather than universal recommendations.

CMS also proposes to revise data submission deadlines beginning with the FY 2029 LTCH QRP, requiring LTCHs to submit assessment and CDC NHSN data by the 15th day of the second month following each calendar quarter (approximately 45 days), replacing the current 4.5-month submission timeframe. This change is intended to improve the timeliness of public reporting by up to three months while maintaining minimal additional burden, as the vast majority of providers already submit data within this timeframe.

In addition, CMS seeks input on future measure concepts, including advance care planning, signaling continued emphasis on person-centered care and evolving patient needs in the post-acute setting. Collectively, these proposals aim to streamline the LTCH QRP measure set, align with current clinical practice, and enhance the timeliness and usefulness of publicly reported quality data.

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This Applied Policy® Summary was prepared by Meghan Basler with support from the Applied Policy team of health policy experts. If you have any questions or need more information, please contact her at mbasler@appliedpolicy.com or at (908) 752-9875.