HCRR 113 Spring into 2027: CMS Proposed Rules and Payment Policy Updates for Providers

Presented May 6, 2026 by PYA's Kathy Reep and Carine Leslie | Part of the Healthcare Regulatory Roundup Webinar Series

https://www.pyapc.com/insights/hcrr-113-webinar-spring-into-2027-cms-proposed-rules-and-payment-policy-updates-for-providers/

Please note, this transcript was generated automatically. PYA cannot guarantee its accuracy or completeness.

WEBINAR SUMMARY

This episode of PYA's Healthcare Regulatory Roundup webinar series provides a detailed review of the CMS FY 2027 proposed rules and the potential financial, operational, and compliance implications for healthcare providers. The discussion covers payment updates, quality reporting revisions, reimbursement methodology changes, and operational expectations across inpatient hospitals, long-term acute care, skilled nursing, inpatient psychiatric, inpatient rehabilitation, and hospice settings.

Presenters Kathy Reep and Carine Leslie emphasized that while CMS is proposing modest payment increases, many organizations may experience lower net financial impact after adjustments related to wage indexes, outlier thresholds, uncompensated care, and quality programs. The webinar also highlighted CMS's growing reliance on Medicare Advantage data, shortened reporting timelines, and expanded quality reporting expectations across multiple provider settings. A recurring theme throughout the session was operational burden. Providers are being asked to report more data, more quickly, while managing ongoing staffing and financial pressures. The presenters strongly encouraged organizations to review the proposed changes carefully and consider submitting comments to CMS where operational feasibility or financial impact may be significant.

Key topics and takeaways include:

- The proposed 2.4 percent inpatient payment increase may translate to a much smaller net financial impact after adjustments.
- CMS is increasingly incorporating Medicare Advantage beneficiaries into quality and readmission calculations.
- Shortened reporting timelines may create operational and staffing pressure across post-acute settings.
- CMS is continuing to expand mandatory quality reporting requirements and standardized assessments.
- The proposed CJR-X model would create mandatory bundled payment accountability for many hospitals.
- Providers should closely evaluate the operational feasibility of new reporting and documentation expectations.
- Several proposed changes may warrant provider comments before final rules are issued.

WEBINAR HIGHLIGHTS AND FREQUENTLY ASKED QUESTIONS

What changes are included in the CMS FY 2027 proposed rule?

- The proposed rule includes payment updates, quality reporting revisions, reimbursement methodology changes, and operational requirements affecting hospitals and post-acute care providers.

How will the CMS 2027 proposed rule affect reimbursement?

- While CMS is proposing payment increases, many providers may see lower net financial impact after adjustments tied to wage indexes, outlier thresholds, and quality programs.

© PYA, P.C. All rights reserved. This content was generated automatically. PYA cannot guarantee its accuracy or completeness.

How is Medicare Advantage being incorporated into CMS quality programs?

- CMS is proposing to include Medicare Advantage patients in quality and readmission calculations across several programs.

What operational changes should providers expect?

- Organizations may need to adjust staffing, workflows, and reporting processes to meet expanded data and documentation requirements.

What is the CJR-X model?

- CJR-X is a proposed mandatory bundled payment model that would hold hospitals financially accountable for joint replacement episodes and post-discharge care.

Why are shortened reporting timelines important?

- Reduced submission windows may increase operational burden and require providers to accelerate quality reporting workflows.

What should providers evaluate during the comment period?

- Providers should assess financial impact, operational feasibility, staffing implications, and reporting burden associated with the proposed changes.

ACTION ITEMS

1. Review reimbursement and payment changes for potential financial impact.
2. Evaluate quality reporting workflows and staffing capacity.
3. Assess readiness for shortened submission timelines.
4. Review Medicare Advantage implications within quality programs.
5. Analyze operational impact of proposed documentation requirements.
6. Identify areas where organizational comments to CMS may be appropriate.
7. Monitor upcoming outpatient and physician fee schedule proposed rules.

WEBINAR OUTLINE

Introduction and Overview of CMS Proposed Rules Focus

- PYA Moderator introduces the webinar, and the presenters: Kathy Reep and Carine Leslie.
- Kathy Reep expresses excitement about presenting with Carine Leslie and outlines the various proposed rules to be discussed, including inpatient, long-term acute care, skilled nursing, inpatient psychiatric, inpatient rehab, and hospice rules.
- Kathy mentions that the physician fee schedule and hospital outpatient services rules are awaiting Office of Management and Budget approval and are expected later in the summer.

Inpatient Rule Discussion

- Kathy Reep begins with the inpatient rule, discussing key provisions and the impact on hospitals, including a 2.4% increase in the base rate for 2026.

© PYA, P.C. All rights reserved. This content was generated automatically. PYA cannot guarantee its accuracy or completeness.

- She highlights the maintenance of the wage index and the labor-related share, with reductions for hospitals with a wage index greater than one.
- Kathy discusses the increase in the outlier threshold, making it harder for claims to be considered outliers, and the impact on uncompensated care.
- She introduces the new CJR model and range of quality measures, making financial accountability mandatory for hip, knee, and ankle replacements, and the expected savings of at least 2%.

Quality Reporting Program and Advanced Care Planning

- Carine Leslie discusses the Quality Reporting Program for inpatient, including the addition of three new measures for diabetes care, post-op thrombosis, and advanced care planning.
- She highlights the reintroduction of five modified 30-day mortality measures for acute myocardial infarction, heart failure, pneumonia, COPD, and coronary artery bypass graft surgery.
- Carine notes the shift from fee-for-service to risk adjustment and Medicare Advantage, and the shortening of the performance period from three to two years.
- She mentions the removal of certain measures, such as VTE 1 and VTE 2, and the shift to mandatory reporting of the malnutrition care score ECQM.

Hospital Readmission Reduction Program and Hospital Acquired Condition Reduction Program

- Carine Leslie discusses the Hospital Readmission Reduction Program, including the addition of the sepsis hospitalization measure for fiscal year 2029.
- She highlights the inclusion of Medicare Advantage patients in the Hospital Readmission Program and the budget-neutral framework of the Hospital Value-Based Program.
- Carine highlights the Hospital Acquired Condition Reduction Program, noting that 25% of hospitals are in the performing quartile and face payment reductions.
- Kathy Reep adds that the Hospital Acquired Condition Reduction Program has the biggest impact on total Medicare payments, reducing the entire payment amount.

Outpatient Rule and Provider-Based Departments

- Kathy Reep segues into the outpatient rule, including the requirement for National Provider Identifiers for off-campus provider-based departments by January 2028.
- She highlights proposed clarifications to the requirements for meeting the same patient population criteria for provider-based departments, including an explanation of on- and off-campus parameters.
- Kathy mentions the expansion of the spinal fusion episodes under the Transforming the Care Coordination and Quality Reporting System (TCCQRS) and the prohibition on discrimination in graduate medical education programs.
- She notes the elimination of the alternative pathway for new technology add-on payments and the potential for a reprint of these provisions in the final rule.

Long-Term Acute Care Hospital PPS Program

- Kathy Reep discusses the long-term acute care hospital PPS program, proposing a 2.4% increase in the payment rate and maintaining the outlier threshold at $78,936.
- She highlights the payment rates for those submitting quality data and the lack of quality measures in this particular rule.

© PYA, P.C. All rights reserved. This content was generated automatically. PYA cannot guarantee its accuracy or completeness.

- Kathy mentions the skilled nursing facility rule, proposing a 2.4% increase in the payment rate and the inclusion of a forecast error for the first time.
- Carine Leslie further discusses the quality measures for skilled nursing facilities, including the removal of COVID-19 vaccine and COVID-19 vaccination QRPs and the shortening of the submission timeframe for quality reporting from 4.5 months to 1.5 months after the end of each quarter.
- Carine notes the proposed rule also includes that the SNF minimum dataset information for all payers and all beneficiaries will be requested to be reported in the QRP, which may add additional administrative burden.
- Carine and Kathy discuss the importance of providing comment/feedback prior to the deadline.

Inpatient Psychiatric Facility Proposed Rule

- Kathy Reep discusses the Inpatient Psychiatric Facility proposed rule, proposing a 2.3% increase in the base rate and the potential for a specific wage index for inpatient psychiatric facilities.
- Kathy highlights the decrease in the outlier threshold and the cap on outlier payments at the facility level.
- Carine adds that CMS is implementing a new patient assessment instrument, introduced in a phased approach, beginning with a simplified version, then expanding.
- Carine explains the new patient assessment instrument and the requirement for 100% completion of items for at least 80% of assessments to avoid a payment reduction.
- Carine notes the removal of the alcohol use brief intervention and tobacco use treatment measures and the potential for including adolescents in the patient assessment.

Inpatient Rehabilitation Facility Proposed Rule

- Kathy Reep discusses the inpatient rehabilitation facility proposed rule, proposing a 2.4% increase in the payment rate and the potential for a rehab facility-specific wage index.
- She highlights the decrease in the outlier threshold and the request for feedback on enhancements to the inpatient rehab facility prospective payment system.
- Kathy mentions the proposed requirement for all therapies to be initiated within 36 hours of admission and the revision of the interdisciplinary team policy.
- She discusses the potential impact on staffing and the need for additional clarification on admissions on weekends and holidays.
- Carine Leslie introduces the proposed reduction in quality reporting for IRF facilities, also from 4.5 months to 45 days, effective FY 2029, explaining the goal to the reduction is making the quality reports and more current information available to the public, but notes the additional administrative burden for facilities.
- Carine discusses CMS is requesting feedback regarding advanced care planning documentation (for inpatient and SNFs) to ensure these conversations and documentation are occurring.
- Carine and Kathy discuss the proposed 45-day deadline change from a staffing perspective and reiterate the importance of submitting comments.

Hospice Payment Rate Update

- Kathy Reep discusses the hospice payment rate update, proposing a 2.4% increase in the payment rate and the impact on hospices that do not report quality information.
- She highlights the proposed increase in the hospice cap and details the potential for a hospice-specific wage index based on Bureau of Labor Statistics data.

© PYA, P.C. All rights reserved. This content was generated automatically. PYA cannot guarantee its accuracy or completeness.

- Kathy mentions the new hospice election statement regulations, including the mandatory addendum for Medicare beneficiaries, hospice medications and services benefits alignment, and the expansion of roles for physician designees and interdisciplinary group members.
- She notes new provisions are proposed for telehealth and face-to-face policies consistent with the Consolidated Appropriations Act of 2026.
- Carine circles back to the proposed alignment guidelines for covered hospice medications and services, and questions how the information can be operationalized so that hospice staff can determine relevant medications. Kathy agrees and notes MEDPAC has raised the same issues and potential concerns, using pain medications as an example.
- Carine discusses the new Service and Spending Variation Index for hospice centers, resulting in quality scoring of hospice facilities; CMS is seeking feedback on the scoring methodology and its impact on operational issues.

Conclusion and Resources

- Carine Leslie emphasizes the importance of commenting on the proposed rules, particularly the reduction in the timeframe for quality reporting and the new scoring methodology for hospice centers.
- Kathy Reep encourages participants to review the monetary and staffing impact of the rules on their organizations and to comment on the proposed changes.
- PYA Moderator provides contact information for further questions and mentions that slides and recordings of the webinar are available at pyapc.com.

© PYA, P.C. All rights reserved. This content was generated automatically. PYA cannot guarantee its accuracy or completeness.