



Hospital Quality Program Updates in the FY 2026 Inpatient Prospective Payment System Final Rule

September 10, 2025

Speakers

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Hospital Inpatient Quality
Reporting (IQR) Program
&
Hospital Value-Based
Purchasing (VBP) Program

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Prospective Payment
System (PPS)-exempt
Cancer Hospital Quality
Reporting (PCHQR)
Program

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Hospital-Acquired
Condition (HAC)
Reduction & Hospital
Readmissions
Reduction Programs

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Medicare Promoting
Interoperability
Program

Purpose

This presentation will provide an overview of the fiscal year [FY 2026 IPPS/LTCH PPS Final Rule](#) as it relates to the following programs:

- Hospital Inpatient Quality Reporting (IQR) Program
- Hospital Value-Based Purchasing (VBP) Program
- Hospital-Acquired Condition (HAC) Reduction Program
- Hospital Readmissions Reduction Program (HRRP)
- Medicare Promoting Interoperability Program
- PPS-exempt Cancer Hospital Quality Reporting Program (PCHQR)

Objectives

Participants will be able to:

- Locate the FY 2026 IPPS/LTCH PPS final rule text.
- Identify program-specific changes within the FY 2026 IPPS/LTCH PPS final rule.

Webinar Questions Follow-Up

If we do not answer your question during the webinar, please submit your question to the [QualityNet](#) Question and Answer Tool at this link:

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If your question is about a specific slide, please include the slide number.

If you have a question unrelated to this webinar topic, we recommend that you first search for it in the QualityNet Question and Answer Tool. If you do not find an answer, then submit your question to us via the same tool.

Acronyms and Abbreviations

| | | | |
|-------------|---|--------------|--|
| AMI | acute myocardial infarction | IPPS | Inpatient Prospective Payment System |
| CAH | critical access hospital | IQR | Inpatient Quality Reporting |
| CCSQ | Center for Clinical Standards and Quality | LTCH | long-term care hospital |
| CDC | Centers for Disease Control and Prevention | MA | Medicare Advantage |
| CMS | Centers for Medicare & Medicaid Services | Mort | mortality |
| COMP | complication | NHSN | National Healthcare Safety Network |
| CY | calendar year | PCHQR | PPS-exempt Cancer Hospital Quality Reporting |
| ECE | extraordinary circumstances exception | PDMP | Prescription Drug Monitoring Program |
| EHR | electronic health record | PHA | Public Health Agency |
| FFS | fee-for-service | PN | pneumonia |
| FHIR | Fast Healthcare Interoperability Resources® | PPS | Prospective Payment System |
| FY | fiscal year | QMVIG | Quality Measurement and Value-Based Incentives Group |
| HAC | Hospital-Acquired Condition | RSCR | Risk-Standardized Complication Rate |
| HAI | healthcare-associated infection | SAFER | Safety Assurance Factors for EHR Resilience |
| HEA | Health Equity Adjustment | SIR | standardized infection ratio |
| HF | heart failure | STK | stroke |
| HWM | Hospital-Wide Mortality | TEFCA | Trusted Exchange Framework and Common Agreement |
| HRRP | Hospital Readmissions Reduction Program | THA | total hip arthroplasty |
| HWR | Hospital-Wide Readmission | TKA | total knee arthroplasty |
| ICD | International Classification of Diseases | VBP | Value-Based Purchasing |

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Cross-cutting Policy and Requests for Information

Finalized: Update and Codify ECE Policy

- Clarified that CMS has the discretion to grant an extension rather than only a full exception in response to Extraordinary Circumstances Exception (ECE) requests.
- A hospital may request an ECE within 60 calendar days of the date that the extraordinary circumstance occurred instead of 90 days.

Request for Information: Transition Toward Digital Quality Measurement

- Anticipated approach to Fast Healthcare Interoperability Resources® (FHIR®)-based electronic clinical quality measure reporting in quality reporting programs
- Potential use of FHIR-based patient assessment instrument reporting for inpatient psychiatric facilities

Request for Information: Measure Concepts Under Consideration

- Well-being: Sought comments on tools and measures that assess overall health, happiness, and satisfaction in life that could include aspects of emotional well-being, social connections, purpose, and fulfillment
- Nutrition: Sought comments on tools and measures that assess optimal nutrition and preventive care

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Hospital IQR Program

Hospital IQR Program

Finalized Changes Overview

- Refinement of four current measures
- Removal of four measures
- Technical updates to measures related to COVID-19
- Updates to the ECE policy

Finalized Refinements to Current Hospital IQR Program Measures

| Measure Name | Refinement Beginning |
|---|----------------------------|
| Hospital 30-Day, All-Cause, Risk-Standardized Mortality Rate Following Acute Ischemic Stroke Hospitalization | 2027 Payment Determination |
| Hospital-Level, Risk-Standardized Complication Rate (RSCR) Following Elective Primary Total Hip Arthroplasty (THA) and/or Total Knee Arthroplasty (TKA) | 2027 Payment Determination |
| Hybrid Hospital-Wide Readmission (HWR) | 2028 Payment Determination |
| Hybrid Hospital-Wide Mortality (HWM) | 2028 Payment Determination |

Finalized Refinement #1

Hospital 30-Day, All-Cause, Risk-Standardized Mortality Rate Following Acute Ischemic Stroke Hospitalization

Finalized Refinements:

- Expanded the measure's inclusion criteria to include Medicare Advantage patients.
- Shortened the performance period from 3 years to 2 years.

Finalized Timeline:

For the FY 2027 payment determination, reporting period changed from July 1, 2022–June 30, 2025, to July 1, 2023–June 30, 2025.

Finalized Refinement #2

Hospital-Level RSCR Following Elective Primary THA and/or TKA

Finalized Refinements:

- Expanded the measure's inclusion criteria to include Medicare Advantage patients.
- Shortened the performance period from 3 years to 2 years.

Finalized Timeline:

- For the FY 2027 payment determination, reporting period changed from July 1, 2022–June 30, 2025, to July 1, 2023–June 30, 2025.
- Will be removed from the Hospital IQR Program beginning with the FY 2030 payment determination and moved to the Hospital VBP Program.

Finalized Refinements #3 and #4

Hybrid HWR and Hybrid HWM

Finalized Refinements:

- Lowered the submission thresholds to allow for up to 2 missing laboratory results and up to 2 missing vital signs.
- Reduced the core clinical data elements submission requirement to 70% or more of discharges.
- Reduced the submission requirement of linking variables to 70% or more of discharges.

Finalized Timeline:

Performance period is from July 1, 2025–June 30, 2026, affecting the FY 2028 payment determination.

Finalized Removals of Hospital IQR Program Measures

| Measure Name | Removal Beginning |
|---|--|
| Hospital Commitment to Health Equity | Calendar Year (CY) 2024 reporting period/ FY 2026 payment determination |
| COVID-19 Vaccination Coverage among Health Care Personnel | |
| Screening for Social Drivers of Health | |
| Screen Positive Rate for Social Drivers of Health | |

Technical Updates

Removed COVID-19 exclusion beginning FY 2027 Program Year from these measures.

| Short Name | Measure Name |
|-----------------|---|
| MORT-30-STK | Hospital 30-Day, All-Cause, Risk-Standardized Mortality Rate Following Acute Ischemic Stroke Hospitalization |
| COMP-HIP-KNEE | Hospital-Level, Risk-Standardized Complication Rate (RSCR) Following Elective Primary Total Hip Arthroplasty and/or Total Knee Arthroplasty |
| AMI Excess Days | Excess Days in Acute Care after Hospitalization for Acute Myocardial Infarction |
| HF Excess Day | Excess Days in Acute Care after Hospitalization for Heart Failure |
| PN Excess Days | Excess Days in Acute Care after Hospitalization for Pneumonia |
| Hybrid HWR | Hybrid Hospital-Wide All-Cause Readmission Measure |
| Hybrid HWM | Hybrid Hospital-Wide All-Cause Risk Standardized Mortality Measure |

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Hospital VBP Program

Hospital VBP Program

Finalized Changes Overview

- Modification to one current measure
- Technical Updates COMP-HIP-Knee and Healthcare-associated Infection (HAI) measures
- Updated the ECE Policy
- Removal of the Health Equity Adjustment
- Updates to Performance Standards for FY 2027–FY 2031 Program Years

Finalized Proposal to Modify the THA/TKA Complications Measure

Finalized Refinements:

- Expanded the measure's inclusion criteria to include Medicare Advantage patients.
- Shortened the performance period from 3 years to 2 years.
- Uses Fee for Service claims and Medicare Advantage encounters for the following:
 - Index admissions
 - Complication outcomes
 - Present on Admission comorbidities
- Assesses comorbidities from prior 12 months of Medicare claims and Medicare Advantage encounters.

Summary of Current and Finalized Reporting of COMP-HIP-KNEE Measure

| Program Year Impacted | Version of Measure in Use | |
|------------------------------|---|-----------------------|
| | Hospital IQR Program | Hospital VBP Program |
| FY 2026 | Modification 1 (Additional outcomes added) ¹ | Original ² |
| FY 2027 | Modification 2 (Add Medicare Advantage patients, shorten performance period) ³ | Original |
| FY 2028 | Modification 2 | Original |
| FY 2029 | Modification 2 | Original |
| FY 2030 | N/A | Modification 1 |
| FY 2031 | N/A | Modification 1 |
| FY 2032 | N/A | Modification 1 |
| FY 2033 and Subsequent Years | N/A | Modification 2 |

¹ Modification 1 was finalized in the FY 2024 IPPS/LTCH PPS final rule.

² Original version of the measure was finalized in the FY 2015 IPPS/LTCH PPS final rule.

³ Modification 2 finalized in this final rule.

Technical Updates to Mortality and Complication Measures

Effective Beginning FY 2027 (Mortality July 1, 2022-June 30, 2025, Complication April 1, 2022-March 31, 2025)

- COVID-19 exclusions removed.
- COVID-19 diagnoses will be re-included in measure denominators for MORT-30-AMI, CABG, COPD, HF, PN, and COMP-HIP-KNEE.
- Covariate adjustments removed.
 - Prior 12-month history of COVID-19 will no longer be adjusted.
 - This applies to all 6 Clinical Outcomes domain measures.
- Rationales for update are:
 - Provides a more complete view of hospital quality.
 - Reflects post-pandemic data normalization.

NHSN HAI Measures

Technical Update

Effective Beginning with FY 2029 (January 1, 2025-December 31, 2025)

- Centers for Disease Control and Prevention (CDC) is updating the standard population data used to calculate standardized infection ratio (SIR). Since 2016, the CY 2015 standard population data has been used, and beginning with infections reported in CY 2025, SIR calculations will incorporate both the CY 2015 and new CY 2022 data.
- Standard population data support accurate risk adjustment and valid hospital comparisons by establishing expected infection rates; updates align with CDC maintenance to ensure timely, comparable, and clinically meaningful HAI evaluations.

TABLE VI.L.-09: CDC'S BASELINE DATA IN THE HOSPITAL VBP PROGRAM

| Measures | FY 2026 Program Year* | FY 2027 Program Year* | FY 2028 Program Year* | FY 2029 Program Year** |
|----------------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| NHSN Measures Baseline Periods | 2015 Baseline Data | 2015 Baseline Data | 2015 Baseline Data | 2022 Baseline Data |
| NHSN Measures Performance Period | 2015 Baseline Data | 2015 Baseline Data | 2015 Baseline Data | 2022 Baseline Data |

*CDC will use current baseline data (CY 2015) to calculate measure data that we will translate into scores on the measures.

**CDC will use new baseline data (CY 2022) to calculate measure data that we will translate into scores on the measures.

Finalized Removal: Health Equity Adjustment

Health Equity Adjustment (HEA) Overview

- Adopted in FY 2024 final rule for implementation in FY 2026
- The proposal was to add a Health Equity Adjustment (HEA) that rewards top-performing hospitals serving higher proportions of dual-eligible patients.

Finalized Change

- Removed HEA from Hospital VBP Program starting in FY 2026

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Medicare Promoting Interoperability Program for Eligible Hospitals and Critical Access Hospitals

Overview

- Define the EHR reporting period
- Measure modifications
- New optional bonus measure
- Request for Information

Define the EHR Reporting Period

Finalized the proposal to define the electronic health record (EHR) “reporting period for a payment adjustment year” in CY 2026 and subsequent years as a minimum of any continuous 180-day period within that calendar year for eligible hospitals and critical access hospitals (CAHs)

Measure Modifications

| Measure Name or Objective | Modification Beginning |
|--|---------------------------------|
| Security Risk Analysis Measure | EHR Reporting Period in CY 2026 |
| Safety Assurance Factors for EHR Resilience (SAFER) Guides Measure | |

Measure Modification

Security Risk Analysis Measure

Finalized Modification:

- Requires eligible hospitals and CAHs to attest “yes” to having conducted security risk management.
- Would need to separately attest “yes” to both components of the revised measure:
 - Met the existing security risk analysis requirement component, and
 - Met the security risk management component.

Measure Modification

SAFER Guides Measure

Finalized Modification:

Requires eligible hospitals and CAHs to attest “yes” to completing an annual self-assessment using all 8 2025 SAFER Guides, at any point during the calendar year in which the EHR reporting period occurs, instead of the 2016 SAFER Guides.

New Bonus Measure

Optional Bonus Measure for Public Health Reporting Using the Trusted Exchange Framework and Common Agreement (TEFCA)

- To attest “yes” the eligible hospital or CAH must:
 - Be a signatory to a TEFCA Framework Agreement.
 - Transmit electronic health information for at least 1 measure under the objective (Option 2).
 - Use the functions of certified EHR Technology to engage in exchange with a PHA.
- No more than 5 bonus points given for attesting “yes” to one or more optional bonus measure(s)

Request for Information

Requested public comment on the following:

- Query of Prescription Drug Monitoring Program (PDMP) Measure
- Performance Based Measures
- Data Quality

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Hospital-Acquired Condition (HAC) Reduction Program
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Hospital-Acquired Condition Reduction Program

HAC Reduction Program

Finalized Proposals Overview

- Technical update to the specifications of the NHSN HAI measures to use standard population data with the new 2022 baseline
- Updated the ECE policy

Technical Updates for the NHSN HAI Measures

Year of Implementation: FY 2028 program year

CDC is updating the standard population data used to calculate SIRs from a 2015 baseline to a 2022 baseline.

CDC Baseline Data in the HAC Reduction Program:

| HAC Reduction Program Year | Performance Period for CDC NHSN HAI Measures | Standard Population Data Year (Baseline Year) | Public Reporting |
|----------------------------|--|---|------------------|
| FY 2025 | 1/1/22 – 12/31/23 | 2015 | Early 2025 |
| FY 2026 | 1/1/23 – 12/31/24 | 2015 | Early 2026 |
| FY 2027 | 1/1/24 – 12/31/25 | 2015 | Early 2027 |
| FY 2028 | 1/1/25 – 12/31/26 | 2022 | Early 2028 |

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Hospital Readmissions Reduction Program

Hospital Readmissions Reduction Program Finalized Proposals Overview

- Measure Updates
 - Modified the six readmission measures to include Medicare Advantage (MA) data, in addition to Medicare fee-for-service (FFS) data
 - Shortened the “applicable period” from three to two years
- Updated the ECE Policy
- Technical updates
 - Removed COVID-19 exclusions and risk-adjustment covariates from the six readmission measures
- CMS did not finalize its proposal to modify the calculation of aggregate payments for excess readmissions to include MA data; such calculations will continue to use FFS only data.

Finalized Modification to the Readmission Measures

Year of Implementation: Fiscal Year 2027 program year

Finalized Changes:

- Expanded the six readmission measures to include Medicare Advantage data.
- Provided a non-substantive update to re-specify the risk model for each measure to primarily use individual ICD-10 (the International Classification of Diseases, Tenth Revision, Clinical Modification) codes.

Rationale for Updates:

- The addition of MA data to the six measures provides a more robust and holistic view of the quality of care for both fee-for-service and MA beneficiaries.
- Risk model respecification contributes to enhancing the model performance and measure reliability.

Finalized Proposal to Shorten the “Applicable Period”

Year of Implementation: Fiscal Year 2027 program year

Finalized Changes:

- Shortened the applicable period from three to two years for measuring performance.
 - The “applicable period” is the data period used to calculate excess readmission ratios, aggregate payments for excess readmissions, and dual proportions for the fiscal year.

Rationale for Updates:

- The finalized update would allow for more recent data to be used when assessing performance.
- The addition of MA data increases the size of the measure’s cohort, which maintains measure reliability while shortening the performance period from 3 years to 2 years.

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PCHQR Program, QMVIG, CCSQ, CMS

PPS-Exempt Cancer Hospital Quality Reporting Program

PCHQR Program

Finalized Changes Overview

- Removal of three measures: Hospital Commitment to Health Equity measure and two Social Drivers of Health measures
- Public reporting of PCHQR data on the Compare Tool, as well as the Provider Data Catalog
- Codification of updates to the ECE policy for the PCHQR Program

Finalized: Measure Removals

- CMS finalized the removal of the following measures for the CY 2024 reporting period/FY 2026 Program Year
 - Hospital Commitment to Health Equity
 - Screening for Social Drivers of Health
 - Screen Positive Rate for Social Drivers of Health

Finalized: Data Display on Compare Tool Website

- CMS finalized the public reporting of PCHQR data on the Compare Tool, as well as the Provider Data Catalog.
- This supports greater data transparency, consumer engagement, and alignment with other hospital quality reporting programs.

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FY 2026 IPPS/LTCH PPS Final Rule Page Directory

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- Download the FY 2026 IPPS/LTCH PPS final rule from the *Federal Register*:
<https://www.federalregister.gov/documents/2025/08/04/2025-14681/medicare-program-hospital-inpatient-prospective-payment-systems-for-acute-care-hospitals-ipp-and>

Details regarding various quality programs can be found on the pages listed below:

- Hospital Readmissions Reduction Program pp. 36923 - 36942
- Hospital VBP Program pp. 36943 - 36963
- HAC Reduction Program pp. 36963 - 36967
- Hospital IQR Program pp. 36996 - 37027
- PPS-exempt Cancer Hospital Quality Reporting Program pp. 37027 - 37032
- Medicare Promoting Interoperability Program pp. 37043 - 37073

FY 2026 IPPS/LTCH PPS Final Rule
Overview for Hospital Quality Programs

Thank You

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