U.S. GOVERNMENT ACCOUNTABILITY OFFICE

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August 20, 2026

The Honorable Mike Crapo
Chairman
The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

The Honorable Brett Guthrie
Chairman
The Honorable Frank Pallone, Jr.
Ranking Member
Committee on Energy and Commerce
House of Representatives

The Honorable Jason Smith
Chairman
The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
House of Representatives

Subject: *Department of Health and Human Services, Centers for Medicare & Medicaid Services: Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals (IPPS) and the Long-Term Care Hospital Prospective Payment System and Policy Changes and Fiscal Year (FY) 2027 Rates; Requirements for Quality Programs; Other Policy Changes; and Adoption of Updated Versions of Certain Health Information Technology Standards*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services (CMS) entitled "Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals (IPPS) and the Long-Term Care Hospital Prospective Payment System and Policy Changes and Fiscal Year (FY) 2027 Rates; Requirements for Quality Programs; Other Policy Changes; and Adoption of Updated Versions of Certain Health Information Technology Standards" (RINs: 0938-AV79 & 0938-AV44). We received the rule on August 5, 2026. It was published in the *Federal Register* on August 4, 2026. 91 Fed. Reg. 49570. The stated effective date of the rule is October 1, 2026.

According to CMS, this rule revises the Medicare hospital inpatient prospective payment systems for operating and capital-related costs of acute care hospitals; makes changes relating to Medicare graduate medical education for teaching hospitals; updates the payment policies and annual payment rates for the Medicare prospective payment system for inpatient hospital

services provided by long-term care hospitals; updates and makes changes to requirements for certain quality programs; and makes other policy-related changes. CMS also stated that with this rule, HHS's Office of the National Coordinator for Health Information Technology is adopting certain health information technology standards and specifications on HHS's behalf.

The Congressional Review Act (CRA) requires a 60-day delay in the effective date of a major rule from the date of publication in the *Federal Register* or receipt of the rule by Congress, whichever is later. 5 U.S.C. § 801(a)(3)(A). The rule was published in the *Federal Register* on August 4, 2026. 91 Fed. Reg. 49570. The House of Representatives and the Senate both received the rule on August 5, 2026. 172 Cong. Rec. H5220 (daily ed. Aug. 6, 2026); 172 Cong. Rec. S4563 (daily ed. Aug. 7, 2026). The rule has a stated effective date of October 1, 2026. Therefore, the stated effective date is less than 60 days from the date of receipt by Congress.

Enclosed is our assessment of CMS's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact me at (202) 512-8156.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Calvin E. Dukes II
Regulations Coordinator
Department of Health and Human Services

ENCLOSURE

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES,
CENTERS FOR MEDICARE & MEDICAID SERVICES
ENTITLED
"MEDICARE PROGRAM; HOSPITAL INPATIENT PROSPECTIVE PAYMENT SYSTEMS FOR ACUTE CARE HOSPITALS (IPPS) AND THE LONG-TERM CARE HOSPITAL PROSPECTIVE PAYMENT SYSTEM AND POLICY CHANGES AND FISCAL YEAR (FY) 2027 RATES; REQUIREMENTS FOR QUALITY PROGRAMS; OTHER POLICY CHANGES; AND ADOPTION OF UPDATED VERSIONS OF CERTAIN HEALTH INFORMATION TECHNOLOGY STANDARDS"
(RINS: 0938-AV79 & 0938-AV44)

(i) Cost-benefit analysis

The Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services (CMS) prepared an analysis of the costs and benefits for this rule. 91 Fed. Reg. 49570, 50409–58. CMS estimated that the applicable percentage increase to the Medicare hospital inpatient prospective payment systems (IPPS) rates required by statute, in conjunction with other payment changes in the final rule, will result in an estimated $2.9 billion increase in payments in fiscal year (FY) 2027, relative to payments made in FY 2026. *Id*. at 50413. In addition, long-term care hospitals (LTCHs) are expected to experience an increase in payments of approximately $54 million in FY 2027 relative to FY 2026. *Id.*

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

CMS stated the analyses in the rule's preamble and appendix constitute the initial regulatory flexibility analysis. 91 Fed. Reg. at 50458. CMS estimated that approximately $52.2 million of the IPPS impacts and approximately $1.0 million of the LTCH impacts will accrue to small entities, corresponding to an average impact of approximately $37,690 per small IPPS hospital and approximately $6,803 per small LTCH. *Id*. CMS also stated the rule will affect payments to a substantial number of small rural hospitals, as well as other classes of hospitals, and the effects on some hospitals may be significant. *Id*. at 50413.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

CMS determined that this rule will not have an effect on state, local, or tribal governments, in the aggregate, or on the private sector, of $100 million in 1995 dollars, updated annually for inflation, in any one year. *See* 91 Fed. Reg. at 50458.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On April 14, 2026, CMS published a proposed rule. 91 Fed. Reg. 19312. CMS stated that it received approximately 979 timely pieces of correspondence on the proposed rule. *Id*.

at 49578. CMS responded to comments in the rule. *See id*. Additionally, CMS stated this rule finalizes certain provisions regarding health information technology from another proposed rule published on April 14, 2026 (91 Fed. Reg. 19890). 91 Fed. Reg. at 49578.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

CMS determined that this rule contains information collection requirements under the Act. *See* 91 Fed. Reg. at 50323–37.

Statutory authorization for the rule

CMS promulgated this rule pursuant to sections 300jj-11, 300jj-14, 1302, 1395d(d), 1395f(b), 1395g, 1395l(a), (i), and (n), 1395x(v), 1395hh, 1395rr, 1395tt, and 1395ww of title 42, and section 552 of title 5, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

CMS stated that the Office of Management and Budget's Office of Information and Regulatory Affairs determined that this rule was significant under the Order and that CMS prepared a regulatory impact analysis. 91 Fed. Reg. at 50413.

Executive Order No. 13132 (Federalism)

CMS determined that this rule does not have federalism implications. 91 Fed. Reg. at 50458.