U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

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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; Inpatient Rehabilitation Facility Prospective Payment System for Federal Fiscal Year 2027 and Updates to the IRF Quality Reporting Program*

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, Centers for Medicare & Medicaid Services (CMS) entitled "Medicare Program; Inpatient Rehabilitation Facility Prospective Payment System for Federal Fiscal Year 2027 and Updates to the IRF Quality Reporting Program" (RIN: 0938-AV76). We received the rule on August 5, 2026. It was published in the *Federal Register* on August 3, 2026. 91 Fed. Reg. 48982. The stated effective date of the rule is October 1, 2026.

This rule updates the prospective payment rates for inpatient rehabilitation facilities (IRF) for fiscal year (FY) 2027. According to CMS, as required by statute, the rule includes the classification and weighting factors for the IRF prospective payment system's (PPS) case-mix groups and a description of the methodologies and data used in computing the prospective payment rates for FY 2027. CMS stated that the rule also finalizes the third and final of the three-year phaseout of the rural adjustment, which began in FY 2025. The rule also includes a solicitation for public comments on alternative data sources for the IRF PPS wage index; requires all therapy treatments and/or therapy evaluations to begin no later than 36 hours from

midnight on the day of admission; finalizes requirements for the initial Interdisciplinary Team meeting to occur on or before four days from the date the patient is admitted; and summarizes a request for information on potential future IRF PPS payment reform. Finally, the rule includes updates to the IRF Quality Reporting Program and changes to the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies Competitive Bidding Program.

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 3, 2026. 91 Fed. Reg. 48982. The House of Representatives and the Senate received the rule on August 5, 2026. 172 Cong. Rec. H5217, H5219 (daily ed. Aug. 6, 2026); 172 Cong. Rec. S4531, S4563 (daily ed. Aug. 7, 2026). The stated effective date of the rule is October 1, 2026. Therefore, the stated effective date is less than 60 days from the date of receipt of the rule 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; INPATIENT REHABILITATION FACILITY
PROSPECTIVE PAYMENT SYSTEM FOR FEDERAL FISCAL YEAR 2027 AND UPDATES TO
THE IRF QUALITY REPORTING PROGRAM"
(RIN: 0938-AV76)

(i) Cost-benefit analysis

The Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS) conducted an analysis of the costs and benefits of this rule. 91 Fed. Reg. 48982, 49025 (Aug. 3, 2026). CMS estimated that the rule will result in an increase of $340 million in annualized monetary transfers from the federal government to inpatient rehabilitation facility (IRF) Medicare providers, as compared with the estimated IRF prospective payment system payments in FY 2026. *Id.* at 49029. CMS estimated that the total cost associated with reviewing the regulation is $420,899. *Id.*

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

CMS stated that this rule may affect a substantial number of small entities, but that it does not expect the economic impact on those affected entities to be significant. 91 Fed. Reg. at 49030.

(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. 91 Fed. Reg. at 49030.

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

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

On April 6, 2026, CMS published a proposed rule. 91 Fed. Reg. 17195. CMS stated that they received comments from various interested parties. 91 Fed. Reg. 48982, 48985. CMS responded to comments in the rule. *Id.*

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

This rule contains information collection requirements under the Act. 91 Fed. Reg. at 49024.

Statutory authorization for the rule

This rule was promulgated pursuant to sections 1302 and 1395hh of title 42, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

CMS stated that this rule is significant under section 3(f)(1) of the Order. 91 Fed. Reg. at 49025. CMS stated that the rule was submitted to the Office of Management and Budget for review. *Id.*

Executive Order No. 13132 (Federalism)

CMS determined that this rule does not have federalism implications. 91 Fed. Reg. at 49030.