



# Inpatient Rehabilitation Facility Prospective Payment System: FY 2026 Pricer Update

<b>Related CR Release Date:</b> June 20, 2025	<b>MLN Matters Number:</b> MM14132
<b>Effective Date:</b> October 1, 2025	<b>Related Change Request (CR) Number:</b> <a href="#">CR 14132</a>
<b>Implementation Date:</b> October 6, 2025	<b>Related CR Transmittal Number:</b> R13279CP
<b>Related CR Title:</b> Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for Fiscal Year (FY) 2026	

## Affected Providers

This MLN Matters® article is for Inpatient Rehabilitation Facilities (IRFs) billing Medicare Administrative Contractors (MACs) for services they provide to Medicare patients.

## Action Needed

- FY 2026 IRF Prospective Payment System (PPS) rates
- Rural transition policy
- Wage index cap

## Background

Section 1886(j)(3)(C) of the [Social Security Act](#) requires annual updates to the IRF PPS rates. Find more information on the IRF PPS payment provisions in the [Medicare Claims Processing Manual, Chapter 3](#), section 140.2.

## Key Updates

CMS published payment rates effective October 1, 2025 – September 30, 2026, in the [FY 2026 IRF PPS](#) final rule.

In the [FY 2025 IRF PPS](#) final rule, we adopted the latest core-based statistical area delineations from [OMB Bulletin 23-01](#). For providers located in counties that we previously considered rural, which will be urban starting in FY 2025, we finalized a rural transition policy. These IRFs will get one-third of the IRF PPS rural adjustment in FY 2026 and no rural adjustment in FY 2027 and subsequent years.

Starting FY 2023, we won't reduce IRF final wage indexes by more than 5% compared to the prior FY. This doesn't apply to new IRFs that open in FY 2026 because they don't have a prior wage index.

Your MAC will update the following fields in the provider specific file for all IRF providers active in FY 2025:

1. Supplemental wage index for prior FY wage index value
2. Supplemental wage index indicator, which indicates the value in the "supplemental wage index" field and whether a rural transition applies

## More Information

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We issued CR 14132 to your MAC as the official instruction for this change. For more information, find your [MAC's website](#).

## Document History

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Date of Change	Description
June 24, 2025	Initial article released.

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