



Medicare Severity Diagnosis-Related Groups Subject to Inpatient Prospective Payment System Replaced Devices Policy: FY 2027 Update

Related Change Request (CR) Information	
Number: 14519	Release Date: June 4, 2026
Effective Date: October 1, 2026	Implementation Date: October 5, 2026
Transmittal Number: R13812CP	
Title: Fiscal Year (FY) 2027 Updates for Medicare Severity Diagnosis Related Groups (MS-DRG) Subject to Inpatient Prospective Payment System (IPPS) Replaced Devices Offered Without Cost or With a Credit Policy	

Affected Providers

- Hospitals
- Suppliers
- Other providers billing Medicare Administrative Contractors (MACs) for services

Action Needed

Make sure your billing staff knows about updates to the list of Medicare Severity Diagnosis-Related Groups (MS-DRGs) subject to the FY 2027 Inpatient Prospective Payment System (IPPS) payment policy for implanted devices replaced at no cost or with a credit.

Key Updates

For FY 2027, CMS is adding 3 MS-DRGs to the list of MS-DRGs subject to payment-reduction policy for implanted devices replaced at no cost or with a credit:

- 210 – Cardiac Pacemaker Revision or Device Replacement with MCC
- 211 – Cardiac Pacemaker Revision or Device Replacement without MCC
- 449 – Revision of Hip or Knee Replacement

We're deleting 8 MS-DRGs from the list:

- 258
- 259
- 260
- 261
- 262
- 466
- 467
- 468

Refer to [Attachment A](#) for the full list of FY 2027 MS-DRGs subject to the payment reduction policy for implanted devices replaced at no cost or with a credit. This update relates to the [Medicare Claims Processing Manual, Chapter 3](#), section 100.8.

Background

We reduce the IPPS payment for certain MS-DRGs when a hospital replaces an implanted device at no cost or with a credit equal to 50% or more of its replacement cost. Per IPPS payment policy for implanted devices replaced at no cost or with a credit, we add new MS-DRGs to the list when we form them from procedures assigned to an MS-DRG previously on the list.

More Information

We issued CR 14519 to your MAC as the official instruction for this change. For more information, find your [MAC's website](#).

Document History

Date of Change	Description
August 10, 2026	Initial article released.

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