



Inpatient Rehabilitation Facility Prospective Payment System: FY 2027 Web Pricer Update

Related Change Request (CR) Information	
Number: 14544	Release Date: August 7, 2026
Effective Date: October 1, 2026	Implementation Date: October 5, 2026
Transmittal Number: R13851	
Title: Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Web Pricer Changes for Fiscal Year (FY) 2027	

Affected Providers

This MLN Matters® article is for inpatient rehabilitation facilities (IRFs) billing Medicare Administrative Contractors (MACs) for services.

Action Needed

Make sure your billing staff knows about FY 2027 IRF Prospective Payment System (PPS) rate updates, effective October 1, 2026:

- Rural transition policy
- Wage index cap

Key Updates

CMS published the IRF payment rates for the upcoming FY (October 1, 2026 – September 30, 2027) in the [FY 2027 IRF PPS final rule](#).

In the [FY 2025 IRF PPS final rule](#), we adopted the latest core-based statistical area delineations from the [Office of Management and Budget Bulletin 23-01](#). We finalized a rural transition policy for providers in counties we previously considered rural but consider urban as of FY 2025. These IRFs got one-third of the IRF PPS rural adjustment in FY 2026 and no rural adjustment in FY 2027 and subsequent years.

As of FY 2023, we don't reduce IRF final wage indexes by more than 5% compared with the previous FY. This doesn't apply to new IRFs that open in FY 2027 because they don't have a previous year wage index.

Your MAC will update the following fields in the provider-specific file for all IRF providers active in FY 2026:

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

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.

More Information

We issued CR 14544 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 7, 2026	Initial article released.

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