

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 13813	Date: July 8, 2026
	Change Request 14520

SUBJECT: Fiscal Year (FY) 2027 Annual Update to the Medicare Code Editor (MCE) and International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) and Procedure Coding System (ICD-10-PCS)

I. SUMMARY OF CHANGES: The purpose of this change request is to implement the FY 2027 updates to the MCE and the ICD-10-CM and ICD-10-PCS.

EFFECTIVE DATE: October 1, 2026

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: October 5, 2026

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Recurring Update Notification

Attachment - Recurring Update Notification

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I. SUMMARY OF CHANGES: The purpose of this change request is to implement the FY 2027 updates to the MCE and the ICD-10-CM and ICD-10-PCS.

II. GENERAL INFORMATION

A. Background: The purpose of this Change Request (CR) is to implement the FY 2027 updates to the MCE and the ICD-10-CM and ICD-10-PCS. The ICD-10-CM and ICD-10-PCS codes are updated as stated in Pub. 100-04, Chapter 23, Section 10. The ICD-10-CM and ICD-10-PCS files used to process Part A claims are included in the MCE file, usually available approximately six weeks prior to the beginning of the FY.

However, the instructions for the Fiscal Intermediary Shared System (FISS) to install the MCE are included in the FY Inpatient Prospective Payment System (IPPS) and Long Term Care Hospital (LTCH) PPS Changes CR, which is issued after the MCE file. This causes a delay in the ICD-10 file being installed timely to allow the MACs to complete their edit updates.

The Medicare-Severity Diagnosis-Related Groups (MS-DRGs) classifications and MCE Software files shall be posted to the following website:

<https://www.cms.gov/medicare/payment/prospective-payment-systems/acute-inpatient-pps/ms-drg-classifications-and-software>

B. Policy: The updated diagnosis and procedure codes are effective for dates of discharge on and after October 1, 2026.

III. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
14520.1	The Medicare contractor shall maintain the capability to install the ICD-10 files separately from the MCE in the event that the FY 2027 IPPS and LTCH					X				

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	PPS Change Request and/or Pricers are delayed.									
14520.2	The Medicare contractor shall overlay ICD-10 data received via stand-alone files with the ICD-10 code data received within the MCE, once received.					X				
14520.3	The Medicare contractor shall be aware that the CMS announces the availability of the annual ICD-10 diagnosis and procedure file replacement via email approximately six weeks prior to the beginning of the fiscal year.					X				CVM
14520.4	The Medicare contractors shall evaluate all local edits that contain ICD-10-CM and ICD-10-PCS codes, update and test as needed.	X				X				
14520.5	The Medicare contractor shall update the MCE Edit 20 Unspecified Code Report for changes to the Major Complication or Comorbidity (MCC) and Complication or Comorbidity (CC), and MCE Unspecified Code lists as applicable. Note: The updated code lists shall be communicated to the Shared System Maintainer (SSM) separately, as the files become available.					X				

IV. PROVIDER EDUCATION

None

Impacted Contractors: None

V. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
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Section B: All other recommendations and supporting information: N/A

VI. CONTACTS

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VII. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0