

increase with historical data through the first quarter of 2025), we estimate that the FY 2026 market basket update used to determine the applicable percentage increase for the IPPS is 3.3 percent. Based on more recent data available for this FY 2026 IPPS/LTCH PPS final rule (that is, IGI's second quarter 2025 forecast of the productivity adjustment), the current estimate of the productivity adjustment for FY 2026 is 0.7 percentage point. Based on these more recent data, for this final rule, we have determined four applicable percentage increases to the standardized amount for FY 2026, as specified in the following table:

**TABLE VI.B-01: FY 2026 APPLICABLE PERCENTAGE INCREASES FOR THE IPPS**

| <b>FY 2026</b>  | <b>Hospital Submitted Quality Data and is a Meaningful EHR User</b> | <b>Hospital Submitted Quality Data and is NOT a Meaningful EHR User</b> | <b>Hospital Did NOT Submit Quality Data and is a Meaningful EHR User</b> | <b>Hospital Did NOT Submit Quality Data and is NOT a Meaningful EHR User</b> |
|---|---|---|--|--|
| Market Basket Rate-of-Increase  | 3.3   | 3.3   | 3.3  | 3.3  |
| Adjustment for Failure to Submit Quality Data under Section 1886(b)(3)(B)(viii) of the Act    | 0.0   | 0.0   | -0.825   | -0.825   |
| Adjustment for Failure to be a Meaningful EHR User under Section 1886(b)(3)(B)(ix) of the Act | 0.0   | -2.475  | 0.0  | -2.475   |
| Productivity Adjustment under Section 1886(b)(3)(B)(xi) of the Act                            | -0.7  | -0.7  | -0.7   | -0.7   |
| <b>Applicable Percentage Increase Applied to Standardized Amount</b>                          | <b>2.6</b>  | <b>0.125</b>  | <b>1.775</b>   | <b>-0.7</b>  |

In the FY 2020 IPPS/LTCH PPS final rule (84 FR 42344), we revised our regulations at 42 CFR 412.64(d) to reflect the current law for the update for FY 2020 and subsequent fiscal years. Specifically, in accordance with section 1886(b)(3)(B) of the Act, we added paragraph (d)(1)(viii) to § 412.64 to set forth the applicable percentage increase to the operating standardized amount for FY 2020 and subsequent fiscal years as the percentage increase in the market basket index, subject to the reductions specified under § 412.64(d)(2) for a hospital that does not submit quality data and § 412.64(d)(3) for a hospital that is not a meaningful EHR user, reduced by a productivity adjustment.

Section 1886(b)(3)(B)(iv) of the Act provides that the applicable percentage increase to the hospital-specific rates for SCHs and MDHs equals the applicable percentage increase set forth in section 1886(b)(3)(B)(i) of the Act (that is, the same update factor as for all other hospitals subject to the IPPS). Therefore, the update to the hospital-specific rates for SCHs and