



Medicare Severity Diagnosis-Related Groups Subject to Inpatient Prospective Payment System Replaced Devices Policy: FY 2026 Update

Related CR Release Date: July 17, 2025	MLN Matters Number: MM14136
Effective Date: October 1, 2025	Related Change Request (CR) Number: CR 14136
Implementation Date: October 6, 2025	Related CR Transmittal Number: R13309CP
Related CR Title: Fiscal Year (FY) 2026 Updates for Medical 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 2026 Inpatient Prospective Payment System (IPPS) payment policy for replaced devices offered without cost or with a credit, including:

- Additions
- Conforming title changes

Background

When a hospital replaces an implanted device without cost or with a credit equal to 50% or more of its replacement cost, CMS reduces the IPPS payment for specified MS-DRGs. Per IPPS payment policy for replaced devices offered without cost or with a credit, we add new MS-DRGs to the list when they're formed from procedures previously assigned to the list.

Key Updates

For FY 2026, we're adding 2 MS-DRGs to the list, subject to the policy for reducing payment for replaced devices offered without cost or with a credit:

- 209 – Complex aortic arch procedures
- 213 – Endovascular abdominal aorta with iliac branch procedures

We aren't removing any MS-DRGs from the list. We're changing the conforming titles for 2 MS-DRGs:

- 023 – Craniotomy with major device implant or acute complex CNS principal diagnosis with MCC or antineoplastic implant or epilepsy with neurostimulator
- 024 – Craniotomy with major device implant or acute complex CNS principal diagnosis without MCC

See [Attachment A](#) for the full list of FY 2026 MS-DRGs subject to IPPS-replaced devices offered without cost or with a credit policy.

More Information

We issued CR 14136 to your MAC as the official instruction for this change. For more information, find your [MAC's website](#).

Document History

Date of Change	Description
September 18, 2025	Initial article released.

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