California Hospital Association

Reporting Homelessness: Federal Regulations and Hospital Best Practices

Background

Since 2023, hospitals have been required to report homelessness through use of an indicator as part of state-mandated patient-level administrative data reported to the Department of Health Care Access and Information. That information is also collected by the Centers for Medicare & Medicaid Services (CMS) at the federal level, using "Z-codes" (a special set of International Classification of Diseases, Tenth Revision diagnosis codes).

However, a CHA analysis comparing state and federal data suggests **hospitals are underreporting these encounters**: For 78% of hospitals, state-reported encounters involving patients experiencing homelessness were 10% or greater than the encounters reported to CMS.

New Requirements

In the federal fiscal year 2026 Inpatient Prospective Payment System final rule, CMS announced that it now considers homelessness a "complication or comorbidity," acknowledging the increased care resources this population requires. To inform future rulemaking, CMS is actively analyzing the impact of homelessness through Z-code data collection — and it encourages hospitals to increase documentation describing patients' social and economic circumstances using codes Z59.00, Z59.01, and Z59.02.

This acknowledgement signals potential Medicare reimbursement changes in the future. Hospitals should make every effort to ensure their data are accurate.

Next Steps for Hospitals

Hospitals should ensure thorough and accurate Z-code reporting. Best practices include:

- Thoroughly documenting emergency department history and physical exams
- Flagging encounters with patients experiencing homelessness for coders
- Sequencing the appropriate Z-code as a secondary diagnosis after the primary diagnosis (this ensures homelessness is reflected on an electronic claim form as a complication or comorbidity)
- Using computer-assisted coding to help find references to homelessness in patients' records
- Asking patients about their status multiple times, recognizing that they may be hesitant to report homelessness when they first arrive
- Emphasizing open communication among coders, clinicians, and social workers to alleviate ambiguities