

## **CMS Releases Calendar Year 2026 Home Health Final Rule**

### **Summary at a Glance**

On November 28, the Centers for Medicare & Medicaid Services (CMS) issued the calendar year (CY) 2026 Home Health Prospective Payment System Rate and Durable Medical Equipment, Prosthetics, Orthotics, and Supplies Competitive Bidding Program Updates [final rule](#). CMS has also released a [fact sheet](#) accompanying the final rule, along with a [fact sheet](#) addressing durable medical equipment competitive bidding provisions.

The National Alliance for Care at Home (the Alliance) issued a [statement](#) in response. “While the Alliance acknowledges that CMS took into account some of the home health community’s recommended changes in its final rule, resulting in a lower payment cut for next year, a 1.3% overall reduction in payments compared to 2025 will likely result in continued reductions in patient access, the closure of more home health agencies, and more patients waiting in costly hospital settings instead of recovering safely at home,” said Dr. Steve Landers, CEO for the Alliance.”

### **Key provisions include:**

- For CY 2026, payments to HHAs will be reduced by 1.3%, or \$220 million, which reflects the impact of a 2.4% update in payments due to the statutorily-required annual payment update, a 0.9% reduction in payments due to a permanent budget neutrality adjustment, a 2.7% reduction in payments due to a temporary budget neutrality adjustment, and a 0.1% decrease in payments related to a proposed update to the Fixed-Dollar Loss (FDL) ratio.
- Finalizes changes to who may conduct the Face-To-Face encounter policy.
- Updates the Home Health (HH) Quality Reporting Program (QRP) by removing COVID-19 and several assessment items.
- Finalizes updates to the Home Health Consumer Assessment of Healthcare Providers and Systems® (HHCAPHS) survey beginning April 2026.
- Includes an update to the Home Health Value Based Purchasing Program (HHVBP) to reflect the new HHCAPHS survey and proposes four new measures.
- Finalizes Medicare provider enrollment changes.
- Makes several changes to the DME competitive bidding program.

**The overall impact of the rule is an estimated -1.3% (\$220 million) decrease in payments relative to CY 2025. This is in comparison to a proposed -6.4% (\$1.135 billion) decrease in payments relative to CY 2025.** The final rule and its wage index tables can be found [here](#).

The Alliance commends CMS for revisiting aspects of its flawed payment approach, including the conclusion of permanent payment adjustments with CY 2026 (using data from CY 2020 through 2022) based on issues that CMS acknowledged with isolating PDGM behavior changes from non-PDGM behavior changes in CYs 2023 and beyond. In total, CMS's changes from proposed to final rule amount to approximately \$915 million more in payments to home health agencies for 2026. However, any cut will be detrimental in the face of years of compounding decreases, and more action is needed to help preserve integrity, stability, and predictability in Medicare's home health benefit. While CMS reduced the amount of overpayments that inform the temporary payment adjustments down to 4.7 billion for CYs 2020 through 2024, home health agencies will continue to face several more years of temporary adjustments without additional action.

See our analysis of the rule below.

### **Rule Analysis**

#### **Final CY 2026 Home Health Payment Rate and Wage Index Update**

For CY 2026, CMS finalizes a 2.4% annual payment update, which reflects a 3.2% market basket index, decreased by a 0.8 percentage point productivity adjustment. Home health agencies (HHAs) that fail to report required quality data will face a 2-percentage point reduction in their Medicare annual payment update.

CMS also finalizes the following:

- A 1.023% permanent budget neutrality adjustment to account for the remaining adjustment needed for CY 2020 through CY 2022.
- An additional 3% budget neutrality temporary payment adjustment to recoup approximately \$471 million of a revised \$4.7 billion in alleged overpayments from 2020-2024.
- Recalibration of the 432 case mix weights as CMS has done multiple times in recent years. The recalibration leads to a separate budget neutrality adjustment in the payment rates of 1.0052%.
- Updating the wage index values with more current hospital wage data leading to a budget neutrality adjustment of 1.0025%.



- Increase the FDL ratio used to quality for outlier payments from the current 0.35 to 0.37. This proposal would decrease the number of episodes qualifying for outlier payments and result in an estimated reduction in payments to HHAs of 0.1%.

### ***Payment Changes and Impacts***

**The following tables included in the final rule provide a summary of payment adjustments and final payment rates for HHAs that participate in quality reporting:**

**TABLE 6: SUMMARY OF TEMPORARY ADJUSTMENTS DOLLAR AMOUNTS FOR CYs 2020 – 2026**

Claims Analysis Year	Dollar Amount
CY 2020	-\$873,073,121
CY 2021	-\$1,211,002,953

Claims Analysis Year	Dollar Amount
CY 2022	-\$1,405,447,290
CY 2023	- \$971,431,113
CY 2024 – this final rule	- \$870,279,955
CY 2025	TBD
CY 2026	TBD
Total (through CY 2024)	-\$5,331,234,432

**Source:** CY 2020 Home Health Claims Data, Periods that begin and end in CY 2020 accessed on the CCW July 12, 2021. CY 2021 Home Health Claims Data, Periods that end in CY 2021 accessed on the CCW July 15, 2022. CY 2022 Home Health Claims Data, Periods that end in CY 2022 accessed on CCW July 15, 2023. CY 2023 Home Health Claims Data, Periods that end in CY 2023 accessed on CCW July 11, 2024. CY 2024 Home Health Claims Data, Periods that end in CY 2024 accessed on CCW July 11, 2025.

**Note:** The anticipated temporary adjustments of approximately \$5.3 billion (through CY 2024) will require temporary adjustment(s) to the base payment rate to offset for such increases in estimated aggregate expenditures. The dollar amount will be converted to a factor when implemented in future rulemaking.

**TABLE 7: TEMPORARY ADJUSTMENT DOLLAR AMOUNTS RECALCULATED FOR CYS 2020 – 2026**

Claims Analysis Year	Dollar Amount
CY 2020	-\$873,073,121
CY 2021	-\$1,211,002,953
CY 2022	-\$1,405,447,290
CY 2023	-\$836,208,180
CY 2024 – this final rule	-\$430,435,218
CY 2025	TBD
CY 2026	TBD
Total (through CY 2024)	-\$4,756,166,762

**Source:** CY 2020 Home Health Claims Data, Periods that begin and end in CY 2020 accessed on the CCW July 12, 2021. CY 2021 Home Health Claims Data, Periods that end in CY 2021 accessed on the CCW July 15, 2022. CY 2022 Home Health Claims Data, Periods that end in CY 2022 accessed on CCW July 15, 2023. CY 2023 Home



**TABLE 14: CY 2026 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT**

CY 2025 National Standardized 30-Day Period Payment	Permanent Adjustment Factor	CY 2026 Case-Mix Weights Recalibration Neutrality Factor	CY 2026 Wage Index Budget Neutrality Factor	CY 2026 HH Payment Update Factor	CY 2026 National, Standardized 30-Day Period Payment (Without Temporary Adjustment)	Temporary Adjustment Factor	CY 2026 National, Standardized 30-Day Period Payment (With Temporary Adjustment)
\$2,057.35	0.98977	1.0052	1.0025	1.024	\$2,101.26	0.97000	\$2,038.22

**TABLE 16: FINAL CY 2026 NATIONAL PER-VISIT PAYMENT AMOUNTS**

HH Discipline	CY 2025 Per-Visit Payment Amount	CY 2026 Wage Index Budget Neutrality Factor	CY 2026 HH Payment Update Factor	CY 2026 Per-Visit Payment Amount
Home Health Aide	\$78.20	1.0005	1.0240	\$80.12
Medical Social Services	\$276.85	1.0005	1.0240	\$283.64
Occupational Therapy	\$190.08	1.0005	1.0240	\$194.74
Physical Therapy	\$188.79	1.0005	1.0240	\$193.42
Skilled Nursing	\$172.73	1.0005	1.0240	\$176.96
Speech-Language Pathology	\$205.22	1.0005	1.0240	\$210.25

## Wage Index Changes

CMS finalizes its proposal to update the wage index for CY 2026 using the most recent available pre-floor, pre-reclassified hospital wage data. CMS also finalizes its proposal to continue its 5% cap on any annual wage index decrease at the county level, to mitigate the impact in year-to-year changes, a policy finalized in the CY 2025 Home Health final rule (89 FR 88421). In that rule, CMS adopted revised Office of Management and Budget (OMB) delineations from OMB Bulletin 23-01,<sup>1</sup> resulting in, among other things, several counties being assigned a different classification, from urban to rural and vice versa.

It will be important for HHAs to consider their wage index to understand the impact on payment rates in various regions.

## Finalized Changes to the Face-To-Face Encounter Policy

Section 3708 of the CARES Act amended sections 1814(a) and 1835(a) of the Act to allow nurse practitioners (NPs), clinical nurse specialists (CNSs), and physician assistants (PAs) (as those terms are defined in section 1861(aa) of the

Act), to order and certify patients for eligibility under the Medicare home health benefit and establish a plan of care.

CMS finalizes its proposal to change the face-to-face regulation to allow physicians, in addition to NPs, CNSs, and PAs, to perform the face-to-face encounter regardless of whether they are the certifying practitioner or whether they cared for the patient in the acute or post-acute facility from which the patient was directly admitted to home health and who is different from the certifying practitioner.

### **Home Health (HH) Quality Reporting Program (QRP)**

CMS finalizes its proposal to remove the COVID-19 Vaccine: Percentage of Patients Who Are Up to Date Measure and the corresponding Outcome and Assessment Information Set (OASIS) data element. CMS is also removing four assessment items in the standardized patient assessment: one Living Situation item, two Food items, and one Utilities item. CMS is revising the reconsideration policy to allow providers to submit a request for reconsideration of an initial determination of noncompliance if they can demonstrate compliance.

CMS finalizes its proposal to implement a revised Home Health Consumer Assessment of Healthcare Providers and Systems® (HCAHPS) survey beginning with the April 2026 sample month.

Finally, the rule finalizes updates to the regulatory text to account for all-payer data submission of OASIS data. CMS summarized stakeholder input on a change to the final data submission deadline period from 4.5 months to 45 days.

CMS also provides a summary of comments received in response to Requests for Information (RFIs) contained in the proposed rule pertaining the digital quality measurement (dQM) transition for HHAs and the adoption of health information technology (IT), and standards including Fast Healthcare Interoperability Resources (FHIR); and future HH QRP quality measure concepts of interoperability, cognitive function, nutrition, and patient well-being.

### **Updates to the Home Health Agency CoPs to Align with the OASIS All-Payer Submission Requirements**

CMS finalizes technical text changes to the Home Health Conditions of Participation (CoP). These technical changes update terminology in the

Home Health CoPs to further clarify that the requirement for reporting OASIS information applies to all HHA patients receiving skilled services.

### **Expanded Home Health Value-Based Purchasing (HHVBP) Model**

Beginning April 2026, CMS is finalizing changes to the HHCAHPS survey. These changes affect the survey questions used to calculate three measures that are currently used in the expanded HHVBP Model. Due to the proposed changes to the HHCAHPS survey, CMS is proposing to remove these measures:

- Care of Patients,
- Communications between Providers and Patients, and
- Specific Care Issues.

CMS is also adding four measures to the applicable measure set. This includes three OASIS-based measures related to bathing and dressing, and one claims-based measure—the Medicare Spending per Beneficiary for the Post-Acute Care (PAC) setting measure.

Due to the changes to the Model's applicable measure set, CMS is finalizing proposed alterations to the current weights of individual measures and measure categories.

CMS includes a summary of comments received in response to an RFI contained in the proposed rule addressing the addition of a respecified Falls with Major Injury measure as well as two potential changes to the HHCAHPS survey-based measures scoring rules and applicable measure set as they relate to the expanded HHVBP Model.

### **Medicare Provider Enrollment**

CMS is finalizing its proposal to add several new and revised provider enrollment provisions that would help reduce improper Medicare payments and protect beneficiaries.

- *Retroactive Revocations* – *Retroactive Revocations* – Under current regulations, certain Medicare enrollment revocations become effective prospectively – specifically, 30 days after the date that CMS or the CMS contractor mails notice of the revocation to the affected provider or supplier (hereafter “provider”). However, there are several grounds for which CMS can revoke a provider’s enrollment *retroactively* to the date the provider’s noncompliance began. Retroactive revocation allows CMS to collect monies that have been paid to the provider since the beginning of its noncompliance. For this reason, we are finalizing our



proposal to increase the number of grounds for which CMS can revoke a provider retroactively. We believe this will help ensure taxpayer money is paid only to legitimate, compliant providers.

- *Adding Bases for Revocation or Deactivation* – CMS has seen situations where: (1) enrolled physicians and practitioners have not ordered or certified services for 12 consecutive months, leaving their billing numbers vulnerable to use by bad actors; and (2) beneficiaries attest that a provider did not furnish them the service(s) they claimed. Therefore, CMS is amending its regulations to deactivate the physician/practitioner's Medicare billing privileges in the first situation and to reiterate our existing authority to revoke providers in the second.

### **Next Steps**

The Alliance has begun a review of the final rule and will offer opportunities for members to provide feedback to inform our advocacy response. Additionally, the Alliance will be hosting additional webinars on the CY 2026 Home Health Proposed Rule. Our next webinar will be held on Thursday, December 4, from 2 – 3 p.m. ET. Stay tuned for upcoming education on our [Alliance events](#) page.

Any questions or comments can be directed to [regulatory@allianceforcareathome.org](mailto:regulatory@allianceforcareathome.org) with "CY 2026 Home Health Rule" in the subject line.

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