

CMS Finalizes Permanent 7.85% Cut to Home Health

Home health leaders warn cuts will have devastating, long-term repercussions for patients and providers

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The Centers for Medicare & Medicaid Services (CMS) finalized a **permanent 7.85% cut** to Medicare home health services in the 2023 Home Health Prospective Payment System (HHPPS) Final Rule. In the Final Rule, **CMS acknowledged the significant cut would create “hardship” for providers**, so the agency is phasing in half of the reduction – 3.925% – for CY 2023. The one-year phase-in, however, does nothing to mitigate the long-term impact of permanently cutting Medicare home health by 7.85%, or to address the significant flaws in CMS’ approach. While the cut in 2023 is halved, CMS states it will recoup the balance of the 7.85% cut in a future year along with other significant temporary payment reductions. Still, the 2023 cut alone is \$635 million on an already shrinking benefit that serves 3.2 million Medicare beneficiaries annually.

- The **7.85% permanent cut** equates to **more than \$1 billion in cuts annually** starting in 2024 and continuing in perpetuity. This will result in **devastating, long-term repercussions** for home health patients and their providers.
- These cuts will total **more than \$18 billion over the next ten years** – even more than what CMS originally proposed in its June HHPPS Proposed Rule.
- CMS finalized calculations for additional “clawback cuts” of **more than \$2 billion** for services provided to patients during the COVID-19 pandemic. On top of that \$2 billion plus cut, an additional estimated \$1.5 billion will be clawed back from home health providers for services delivered in 2022 and 2023 cut (as a result of CMS phasing in the cut).
- **More than half of Medicare-certified home health agencies** will be operating under negative margins as a result of these cuts.
- CMS finalized these cuts despite **strong opposition** from patients, providers, and lawmakers
- **For two rulemaking cycles now, CMS has refused** to alter its approach for calculating budget neutrality under the 2018 Bipartisan Budget Act and instead it has continued with a methodology that inflicts significant disruption and uncertainty into the vital home health benefit.
- CMS ignored data and recommendations from home health leaders warning the agency’s **methodology for justifying these cuts is deeply flawed and in violation of CMS’ statutory authority**.

America’s home health community supports the **Preserving Access to Home Health Act of 2022** (S. 4605/H.R. 8581). This bipartisan, bicameral legislation prevents these massive cuts from taking effect in the Medicare home health program until 2026. The legislation provides time for CMS to work with the home health sector to re-evaluate and fix CMS’ flawed methodology in calculating Medicare rates.

CONGRESS: Act Now to Stop Cuts to Home Health