

# CY2026 Home Health PPS Final Rule

WHAT MEMBERS NEED TO KNOW FOR JANUARY 1, 2026



*LeadingAge*®

# CY26 Home Health Final Rule Overview

## *Payment Changes*

## *Clinical Grouping Changes*

## *Face-to-Face Regulation Changes*


## *HHQRP*

- *HHQRP Measure Removal*
- *Non-Compliance Reconsideration Request Policy and Process*
- *OASIS All-Payer Data Collection CoP Updates*
- *HHCAHPS Survey Updates*

## *HHVBP*

- *Measure Removal*
- *Changes to Measure Set*
- *Measure Weight and Category Changes*
- *Request for Information on Future Quality Measures*

The rule also includes finalized regulations for provider enrollment changes to combat waste, fraud and abuse and extensive updates to DMEPOS accreditation, prior authorization, and competitive bidding which are not reviewed in this summary.



# CY26 Final Payment Changes

- LEADINGAGE ARGUMENTS
- PERMANENT PROSPECTIVE PAYMENT
- TEMPORARY RETROSPECTIVE PAYMENT ADJUSTMENT
- MARKET BASKET UPDATE
- FIXED-DOLLAR LOSS RATIO FOR OUTLIERS



# CY26 Final Payment Changes by the Numbers

Proposed: -6.4% or \$1.135 billion decrease in aggregate for Medicare home health payments for CY 2026 compared to CY2025.

Final: -1.3% or \$220 million decrease in aggregate payments to Medicare home health payments for CY2026 compared to CY2025.

Change of \$915 million or 80% reduction in the cut between proposed and final rules.

- Temporary Retrospective Payment Adjustment  
**RECALCULATED:** \$4.756 billion for CY2020-CY2024 vs. \$5.3 billion  
-3% temporary retrospective adjustment vs. -5%
- Permanent Prospective Payment Adjustment  
**RECALCULATED:** -1.023% permanent behavioral assumption adjustment vs. -4.059%
- Fixed-Dollar Loss Ratio Reduction for Outliers  
.37 % FDL decrease vs .5%
- Market Basket Update  
2.4% (3.2% update with -.8% productivity adjustment) – No change.

# Why the change?

- Methodological Errors in the behavioral adjustment assumptions.
  - LeadingAge argued that after CY2021, it is impossible for CMS to distinguish between behavioral changes due to PDGM vs behavioral changes due to other policies that CMS implemented and the business environment within which HHAs were operating
  - Some examples we provided: the introduction of OASIS-E, more Medicare Advantage penetration, changes to home health payment.

CMS replied: CMS policy changes implemented in CYs 2023 through 2025 might make it difficult to precisely distinguish the behavior changes related to the extenuating factors such as those mentioned by commenters and those behavior changes related to the implementation of the PDGM, based on analysis included in the proposed rule... Because it is difficult to definitively isolate the behaviors directly related to the PDGM implementation after CY 2022, we are only finalizing a permanent adjustment based on data from CYs 2020 through 2022... We are also recalculating the temporary adjustments for CYs 2023 and 2024.

## *Results*

- ☐ Permanent payment adjustments only applied to behavior from CY2020-2022
- ☐ CMS still must look at claims for CY2025 and CY2026, but given the arguments made about isolating behavior, further permanent adjustments would be hard for CMS to justify.
- ☐ Amount of overpayments on which temporary rate is set may change but not as rapidly – delaying collecting the permanent caused more overpayments to accrue.
- ☐ CMS nodded to setting a collection schedule in future rulemaking for recoupment of overpayments

# Proposed to Final 30-day period payment rate

CY 2025 30-Day Period Rate	Proposed Permanent Adjustment	Proposed CY2026 Case Mix Weights Recalibration BN Factor	Proposed CY2026 Wage Index BN Factor	Proposed CY 2026 Payment Update Factor	Proposed Temporary Factor	Proposed CY2026 30-day period payment rate
\$2,057.36	0.95941	1.0051	1.0019	1.024	0.95	\$1,933.61

CY 2025 30-Day Period Rate	Final Permanent Adjustment	Final CY2026 Case Mix Weights Recalibration BN Factor	Final CY2026 Wage Index BN Factor	Final CY 2026 Payment Update Factor	Final Temporary Factor	Final CY2026 30-day period payment rate
\$2,057.36	0.98977	1.0052	1.0025	1.024	0.97	\$2,038.22

# Potential Future Years Impact

CY 2025 30-Day Period Rate	Final Permanent Adjustment	Final CY2026 Case Mix Weights Recalibration BN Factor	Final CY2026 Wage Index BN Factor	Final CY 2026 Payment Update Factor	Final CY2026 30-day period rate PRE-TEMP	Final Temporary Factor	Final CY2026 30-day period payment rate
\$2,057.36	0.98977	1.0052	1.0025	1.024	<b>\$2,101.26</b>	0.97	\$2,038.22

*Temporary factors only apply each year and do not impact the base rate permanently. Therefore, when considering what future years will look like, model estimates from the CY2026 base rate with NO temporary adjustment.*

	2026	2027	2028	2029	2030	2031	2032	2033	2034
Pre-Temp (assumes 2.4% market basket)	\$2,101.26	\$2,151.69	\$2,203.33	\$2,256.21	\$2,310.36	\$2,365.81	\$2,422.59	\$2,480.73	\$2,540.27
Final Rate (assumes 3% temp)	\$2,038.22	\$2,087.14	\$2,137.23	\$2,188.52	\$2,241.05	\$2,294.83	\$2,349.91	\$2,406.31	\$2,464.06

# Other CMS responses to LeadingAge comments

- Market basket forecasting errors.
  - *CMS response:* ...there is currently no mechanism to adjust for a market basket forecast error in the home health prospective payment system. Any changes in this respect would require careful consideration of the statutory and regulatory frameworks specific to the HH PPS, and any changes deemed necessary would be proposed through notice and comment rulemaking.
- Inaccuracies of methodology including fraudulent provider data.
  - *CMS response:* Furthermore, not all anomalous billing patterns indicate fraudulent practice, and we would need further evidence to determine which providers with anomalous billing patterns can be connected to fraudulent practices... Any additional thresholds used for the exclusion criteria based on data anomalies would need to be discussed during notice and comment rulemaking... [hotline for reporting fraud](#)...
- Reduction in number of agencies and access for patients.
  - *CMS response:* As such, we do not believe that access has been compromised greatly since the implementation of the behavior adjustments, nor do we see statistical evidence presented by commenters, rather, anecdotal evidence.
- Margin calculation inaccuracies.
  - *CMS response:*...we have never endorsed the view that Medicare funds allocated for FFS should be used to subsidize reimbursement rates from other payers...
- Claims excluded from calculations.
  - *CMS response* ...we do not believe that the small portion of excluded claims significantly biased our results.
  - CMS also noted this ask is in tension with the ask around excluding LA county – they are being asked to exclude both more and fewer claims.





# Clinical Changes & CoP Final Changes

- REASSIGNMENT OF DIAGNOSIS CODES
- COMORBIDITY ADJUSTMENT SUBGROUP CHANGES
- LUPA THRESHOLDS AND CASE-MIX WEIGHTS
- FUNCTIONAL IMPAIRMENT LEVEL CHANGES
- PROPOSED REGULATION CHANGE TO FACE-TO-FACE

# Final Case Mix Weight, LUPA, Comorbidities

- Revised LUPA thresholds and case mix weights for all 432 case mix weights (table 25).
- A total of 15 case-mix groups have a decline in their LUPA threshold of a single visit and 4 case-mix groups have their LUPA threshold increase by a single visit.
- The comorbidity subgroups for CY2026 reflect the proposed coding changes detailed on the previous slide and include:
  - 22 low comorbidity adjustment subgroups
  - 100 high comorbidity adjustment interaction subgroups

<https://www.cms.gov/medicare/payment/prospective-payment-systems/home-health/home-health-prospective-payment-system-regulations-and-notices/cms-1828-f>

# Final Functional Impairment Level

CMS updates OASIS functional points

- M1800: Grooming – no change
- M1810: Current Ability to Dress Upper Body – no change
- **M1820**: Current Ability to Dress Lower Body – Reposed 2 increased from 3 to 4 points, Response 3 increased from 11 to 12 points.
- **M1830**: Bathing – Response 2 decreased from 3 to 2 points, Response 3 or 4 had no change, Response 5 or 6 increased from 18 to 17
- **M1840**: Toilet Transferring – Response 2, 3 or 4 increased from 5 to 6
- M1850: Transferring – no change
- **M1860**: Ambulation/Locomotion – Response 2 decreased from 6 to 5, Response 3 decreased from 2 to 1 and Response 4, 5, or 6 increased from 18 to 20
- M1033: Risk of Hospitalization – no change

# Finalized Regulation Change to Face-to-Face

- Simplify language regarding which allowed practitioners can conduct the face-to-face requirement.
- To align with the CARES Act, add flexibility, decrease ambiguity, and potential increase access by increasing the number of providers who can complete the face-to-face encounter. Consistent with LeadingAge's deregulation [request](#).

## 424.22 Requirements for home health services.

# Win for LeadingAge!

(1)...

(i)...

(A) The face-to-face encounter must be performed by one of the following:

*(1) A physician (as defined at § 484.2 of this chapter).*

*(2) A nurse practitioner (as defined at § 484.2 of this chapter).*

*(3) A clinical nurse specialist (as defined at § 484.2 of this chapter).*

*(4) A physician assistant (as defined at § 484.2 of this chapter).*

*(5) A certified nurse-midwife (as defined in section 1861(gg) of the Act) as authorized by State law.*

- Removes § 424.22(a)(1)(v)(C)

~~The face-to-face patient encounter must be performed by the certifying physician or allowed practitioner unless the encounter is performed by:~~

~~(1) A certified nurse midwife as described in [paragraph \(a\)\(1\)\(v\)\(A\)\(4\)](#) of this section.~~

~~(2) A physician, physician assistant, nurse practitioner, or clinical nurse specialist with privileges who 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 Quality Reporting Program Final Updates

- HHQRP MEASURE REMOVAL
- NON-COMPLIANCE RECONSIDERATION REQUEST POLICY AND PROCESS
- OASIS ALL-PAYER DATA COLLECTION COP UPDATES
- HHCAHPS SURVEY UPDATES





# REMOVED “Patient/Resident COVID-19 Vaccination is Up to Date” OASIS item (O0350)

## Win for LeadingAge!

- Collection started January 1, 2025
- First and final public reporting in January 2026 on Care Compare.
- Effective with assessments completed on or after the date of publication of the CY2026 HH PPS final rule
- On OASIS until April 1, 2026, but agencies can submit any valid response (0 – No, 1-Yes or dash) on a Transfer, Death at home, or Discharge OASIS assessment, without any future quality measure implications. A valid response must be logged to prevent iQIES rejection.

# REMOVED Social Determinants of Health Measures

- Living Situation (R0310); two items for Food (R0320A and R0320B); and one item for Utilities (R0330). Not removing transportation item which was revised last year.
- Collection would have begun with the CY2027 HHQRP
- FY2026 Skilled Nursing Home Final Rule removed same items from MDS.
- Looking at using HIT to share these items in future.
- Decision made based on burden that the collection of these additional data would impose on already overextended staff and the additional cost and resources agencies would bear for training staff and altering their workflows if they were required to collect and submit these items.

# Final HHCAHPS Survey Updates

- [Review Detailed Changes here.](#)
- No changes to administration.
- Beginning with April 2026 Sample
- Removed the case-mix adjustment for “diagnoses of schizophrenia or dementia” and add a mode adjustment in addition to the case-mix adjustment using mail-only as the reference mode
- Patient Survey Star Ratings Calculations
  - Overall Rating of Care – 1 point
  - Care of Patients – 1 point
  - Communications between Providers and Patients – 1 point
  - Home Safety – .33 point
  - Reviewing Prescribed and OTC Medicines – .33 point
  - Medicine Side Effects – .33 point

# Final Data Non-Compliance Reconsideration Request Policy and Process

## Supported Changes

- CMS identified inconsistencies in process.
- Amends § 484.245(d) allowing requests, and CMS to grant, an extension to file a request for reconsideration of a non-compliance determination if, during the period to request a reconsideration as set forth in § 484.245(d) if affected by an extraordinary circumstance beyond the control of the HHA (e.g., a natural or man-made disaster such as a cyber-attack, hurricane, tornado, or earthquake).
- Notify HHA in writing of its final decision via an email allowing for a more expeditious response, given the 30-day reconsideration timeframe.
- Codifying specific basis for granting a reconsideration request:
  - (1) the HHA provides proof of compliance with all requirements during the reporting period; or
  - (2) the HHA provides adequate proof of a valid or justifiable excuse for non-compliance if the HHA was not able to comply with requirements during the reporting period.

HHAs submit request for an extension to CMS via email no later than 30 calendar days from the date of the written notification of non-compliance. The extension request must contain:

- the CCN for the HHA;
- the business name of the HHA;
- the business address of the HHA;
- certain contact information for the HHA's chief executive officer or designated personnel;
- a statement of the reason for the request for the extension; and
- evidence of the impact of the extraordinary circumstances, including, for example, photographs, newspaper articles, and other media.

# Final All Payer OASIS Collection CoP Updates



§ 484.45(a) “An HHA must encode and electronically transmit each completed OASIS assessment to the CMS system, regarding each **patient** with respect to which information is required to be transmitted (as determined by the Secretary), within 30 days of completing the assessment of the **patient**.”



§ 484.55(d)(1)(i) The last 5 days of every 60 days beginning with the start-of-care date, unless there is a—  
(i) **Patient** elected transfer;



**NOTE:** This does not affect the current OASIS collection exemptions including patients under the age of 18; patients receiving maternity services; and patients receiving only personal care, housekeeping, or chore services.





# Final Home Health Value Based Purchasing

- LEADINGAGE RESPONSE TO HHVBP CHANGES
- HHVBP MEASURE REMOVAL FACTOR
- FINAL CHANGES TO APPLICABLE MEASURE SET
- FINAL CHANGES TO MEASURE WEIGHTS AND CATEGORIES
- HHVBP FUTURE MEASURE CONCEPTS

# LeadingAge Response to HHVBP

- LeadingAge asked CMS to pause any changes to the HHVBP program.
- CMS must redesign the cohort distribution based on average daily census of home health agencies or on their number of OASIS episodes during the baseline year.
- CMS needs to update the program requirements to state that agencies who are not in compliance with the HHQRP reporting requirements during the performance year will not be eligible to receive a payment increase due to their noncompliance.
- CMS should review the current data and determine a risk adjustment methodology based on the patients who may not see improved function.

- **4,809** HHAs don't have enough data to participate
- **176** Agencies in California earned 5%
- **71%** of CCNs had no HHCAHPS data
- **253 out of 401** top earners had no HHCAHPS
- **36 or 14%** of top earning agencies without HHCAHPS failed to meet HHQRP requirements and received an APU adjustment.

5% Agencies	CCN#	OASIS	Claims	HHCAHPS	Average TPS
All Categories	113	21.876	19.360	22.240	63.476
No HHCAHPS	253	31.455	36.716	-	68.172
No HHCAHPS, Claims	32	71.066	-	-	71.066
No Claims	3	32.979	-	27.333	60.312
All Agencies	401	31.928	31.358	22.372	67.020
All Agencies(counting 0s)	401	31.928	41.409	6.472	67.020

# Final Changes to the Applicable Measure Set: Removal

- Remove 3 HHCAHPS measures due to revisions to the HHCAHPS Survey beginning April 2026 sample:
  - Care of Patients
  - Communications between Providers and Patients
  - Specific Care Issues (being split into 3 items)
- Overall Rating of Home Health Care
- Willingness to Recommend the Agency

# Final Changes to the Applicable Measure Set: Additions

- Add the claims-based Medicare Spending Per Beneficiary (MSPB)-PAC measure starting in CY 2026
  - The MSPB-PAC measure uses 2 years of data covering CY 2022 and CY 2023 as baseline data. Because the MSPB-PAC measure is a two-year measure, CY 2026 performance for the measure will be calculated based on 2 years of performance data (CY 2025/2026).
- Add 3 OASIS-based function measures to HHVBP applicable measure set in CY2026
  - Improvement in Bathing (based on OASIS item M1830)
  - Improvement in Upper Body Dressing (based on OASIS item M1810)
  - Improvement in Lower Body Dressing (based on OASIS item M1820)

**LeadingAge Opposed**

# Final Changes to the Measure Weights and Categories

**TABLE D-22--CY 2025 AND PROPOSED INDIVIDUAL MEASURE WEIGHTS AND CATEGORY WEIGHTS FOR THE EXPANDED HHVBP MODEL**

Measure	CY 2025 Measure Weights		Proposed Measure Weights	
	Larger-Volume Cohort	Smaller-Volume Cohort	Larger-Volume Cohort	Smaller-Volume Cohort
Improvement in Dyspnea	6.00%	8.57%	7.00%	8.75%
Improvement in Management of Oral Medications	9.00%	12.86%	11.00%	13.75%
Discharge Function Score (DC Function)	20.00%	28.57%	15.00%	18.75%
Improvement in Bathing	-	-	3.50%	4.38%
Improvement in Upper Body Dressing	-	-	1.75%	2.19%
Improvement in Lower Body Dressing	-	-	1.75%	2.19%
<b>Sum of OASIS-based Measures</b>	<b>35.00%</b>	<b>50.00%</b>	<b>40.00%</b>	<b>50.00%</b>
Home Health within-stay Potentially Preventable Hospitalization (PPH)	26.00%	37.14%	15.00%	18.75%
Discharge to Community – Post Acute Care (DTC-PAC)	9.00%	12.86%	15.00%	18.75%
Medicare Spending Per Beneficiary- Post-Acute Care (MSPB-PAC)	-	-	10.00%	12.50%
<b>Sum of Claims-based measures</b>	<b>35.00%</b>	<b>50.00%</b>	<b>40.00%</b>	<b>50.00%</b>
Care of Patients	6.00%	0.00%	-	-
Communication Between Providers and Patients	6.00%	0.00%	-	-
Specific Care Issues	6.00%	0.00%	-	-
Overall Rating of Home Health Care	6.00%	0.00%	10.00%	0.00%
Willingness to Recommend the Agency	6.00%	0.00%	10.00%	0.00%
<b>Sum of HHCAHPS Survey-based measures</b>	<b>30.00%</b>	<b>0.00%</b>	<b>20.00%</b>	<b>0.00%</b>
<b>Sum of All Measures</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



# Resources

- [Home Health CY2026 Proposed Rule Advocacy NFP Talking Points](#)
- [Protect Home Health National and State One-Pagers](#)

## Congress in Your Neighborhood

- [Resource for visits](#)
- [QuickCast on Planning a Visit](#)

## News & Analysis

[Serial Post: Keep up to date with all the developments around the rule](#)

Analysis: Home Health CY 2026 Prospective Payment Final Rule – *Coming Soon!*

[Statement from LeadingAge: CY2026 Home Health Final Payment Rule](#)



# Thank You

QUESTIONS?

*LeadingAge*<sup>®</sup>