2027 Home Health Proposed Payment Rule

PRESENTED BY:

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Chief Executive Officer

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Melinda A. Gaboury, with more than 34 years in home care, has over 24 years of executive speaking and educating experience, including extensive day to day interaction with home care and hospice professionals. She routinely conducts Home Care and Hospice Reimbursement Workshops and speaks at state association meetings throughout the country. Melinda has profound experience in Medicare PDGM training, billing, collections, case-mix calculations, chart reviews and due diligence. UPIC, RA, ADR & TPE appeals with all Medicare MACs have become the forefront of Melinda's current impact on the industry. She is currently serving as Chair of the The Alliance/HHFMA Advisory Board and Work Group and is serving on the board of the Home Care Association of Florida and the Tennessee Association for Home Care. Melinda is also the author of the Home Health OASIS Guide to OASIS-E and Home Health Billing Answers, 2025.

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2027 Home Health Proposed Rule

Summary

- This proposed rule would set forth routine updates to the Medicare home health payment rates in accordance with existing statutory and regulatory requirements. In addition, this proposed rule discusses the behavior adjustment and proposes a temporary behavior adjustment and proposes to recalibrate the case-mix weights and update the functional impairment levels; comorbidity subgroups; and low-utilization payment adjustment (LUPA) thresholds for CY 2027.
- Additionally, this proposed rule discusses the provision of home health palliative care services and includes a request for information (RFI) on a home health specific wage index.
- This rule would also propose changes to the Home Health Quality Reporting Program (HH QRP) and summarizes potential initiatives to improve alignment between the HH QRP and expanded Home Health Value Based Purchasing (HHVBP) Model.

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Home Health Prospective Payment System

- In section II.B.1. of this proposed rule, we provide monitoring and data analysis on the PDGM utilization.
- In section II.C.1. of this proposed rule, we discuss the permanent behavior adjustment and propose a temporary adjustment to the base payment rate under the HH PPS.
- In section II.D. of this proposed rule, we propose to recalibrate the CY 2027 PDGM case-mix weights and to update the low-utilization payment adjustment (LUPA) thresholds, functional impairment levels, and comorbidity adjustment subgroups.
  - 17 case-mix groups have a decrease of 1 visit for LUPA thresholds
  - 18 case-mix groups have a increase of 1 visit for LUPA thresholds
- In section II.E. of this proposed rule, we propose to update the home health wage index. We also propose to update the CY 2027 national, standardized 30-day period payment rates and the CY 2027 national per-visit payment amounts by the home health payment update percentage. Additionally, this rule proposes the CY 2027 fixed dollar loss (FDL) ratio to ensure that aggregate outlier payments are projected not to exceed 2.5 percent of the total aggregate payments, as required by section 1895(b)(5)(A) of the Act.

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Home Health Prospective Payment System

- In section II.F. of this proposed rule, we discuss the provision of palliative care services under the Medicare home health benefit.
- In section II.G. of this proposed rule, we include a request for information (RFI) on the construction of a home health specific wage index.

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Proposed Base Rate 2027

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 26: PROPOSED CY 2027 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT

CY 2026 National Standardized 30-Day Period Payment Without Temporary Adjustment	CY 2027 Case-Mix Weights Recalibration Neutrality Factor	CY 2027 Wage Index Budget Neutrality Factor	CY 2027 Proposed HH Payment Update Factor	CY 2027 National, Standardized 30-Day Period Payment (Without Temporary Adjustment)	Temporary Adjustment Factor	CY 2027 Proposed National, Standardized 30-Day Period Payment (With Temporary Adjustment)
$2,101.26	1.0045	1.0009	1.021	$2,156.98	0.9700	$2,092.27

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LUPA Rates – Proposed 2027

TABLE 28: PROPOSED CY 2027 NATIONAL PER-VISIT PAYMENT AMOUNTS

HH Discipline	CY 2026 Per-Visit Payment Amount	CY 2027 Wage Index Budget Neutrality Factor	CY 2027 HH Payment Update Factor	CY 2027 Per-Visit Payment Amount
Home Health Aide	$80.12	0.9997	1.021	$81.78
Medical Social Services	$283.64	0.9997	1.021	$289.51
Occupational Therapy	$194.74	0.9997	1.021	$198.77
Physical Therapy	$193.42	0.9997	1.021	$197.42
Skilled Nursing	$176.96	0.9997	1.021	$180.62
Speech-Language Pathology	$210.25	0.9997	1.021	$214.60

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LUPA Add-On 2027 Proposed

TABLE 30: LUPA ADD-ON FACTORS

Discipline	LUPA Add-on Factors
SN	1.7200
PT	1.6225
SLP	1.6696
OT	1.7238

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Category	Group	Case-weighted payment shift
Total		0.02%
Timing	Community	-0.08%
	Institutional	0.26%
Functional level	Low	0.35%
	High	-0.25%
	Medium	0.05%
Clinical Group	Wound	-2.90%
	Complex	-0.44%
	MMTA Surgical Aftercare	-0.42%
	MMTA Infectious	-0.06%
	Behavioral Health	-0.84%
	MMTA Respiratory	0.24%
	MMTA GI/GU	0.42%
	MMTA Other	0.30%
	Neuro	0.06%
	MMTA Cardiac	0.75%
	MMTA Endocrine	1.25%
	MS Rehab	1.00%
Admission Source	Early	0.03%
	Late	0.01%
Comorbidity Adjustment	0	-0.03%
	1	0.01%
	2	0.09%

Change in PDGM Case-Mix Weights Proposed for 2027

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Comorbidity Subgroups

LOW Comorbidity

- Proposing to remove:
  - Musculoskeletal 1 – LUPUS
  - Neoplasms 6 – Malignant Neoplasms of trachea, bronchus, lung & mediastinum
- Proposing to Add:
  - Renal 3 – Other disorders of the kidney & ureter, excluding chronic kidney disease & ESRD
  - **Endocrine 3 – Type 1, Type 2 and Other Specified Diabetes (removed 2026)**
  - Circulatory 7 – Atherosclerosis, includes Peripheral Vascular Disease, Aortic Aneurysms & Hypotension

HIGH Comorbidity

- 100 subgroup interactions are proposed. Make sure to check out the details in the list contained in the Proposed Rule 2027

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Palliative Care

- CMS proposes to expand access to community-based palliative care. Specifically, CMS noted that because palliative care is a method of care delivery that is provided throughout the continuum of illness, it can be furnished under various Medicare benefits.
- CMS stated that palliative services are covered under home health if patients meet current home health skilled-care criteria, and an allowed practitioner determines the need for palliative care, regardless of prognosis, diagnosis, or treatment goals. Palliative care services can include skilled nursing, therapy, and social work, and the goals of care can be symptom management, functional support, and advance care planning needs, which allows palliative care to most appropriately fall within the Medication Management, Teaching, and Assessment (MMTA) clinical group under PDGM (for documentation and billing purposes). In line with its goal of encouraging community-based palliative care, CMS plans to add additional palliative care examples to its examples of skilled care in the Medicare Benefit Policy Manual and seeks further input on strategies to reach that goal.

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HHQRP

- CMS proposes to change the OASIS assessment data submission and correction timeframe from 4.5 months to, essentially, 45 days beginning with the CY2027 data. The 45th day would be the 15th day of the second month after the end of each calendar quarter. In situations where the 15th day falls on a Friday, weekend, or Federal holiday, the date is delayed until 11:59 p.m. EST on the next business day. This change would affect the CY2029 annual payment update year.
- CMS found that nearly all OASIS assessments, 99.27%, are already submitted within 45 days. Below are the submission and correction deadlines for CY2027 as proposed.
- Proposing to move the OASIS Annual Payment Update (APU) reporting period to a calendar year.

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HHVBP

- No new changes proposed for VBP
- Providers should note that the Discharge to Community – Post Acute Care (DTC-PAC) and the Discharge Function Score are listed in Table 31 as "Measures expected to be added to the QoPC Star Ratings in the near future." There is not currently a proposal included, but it is clear CMS intends to make one in the future.

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Medicare Provider Enrollment

- Retroactive Revocations – allow recoupment of payments to the date of the alleged infraction, which could include care already delivered in good faith.
- Shortened Post-Revocation Claim submission
  - Revoked providers currently have 60 days to submit claims for items and services furnished before revocation. CMS proposes to reduce this period to 15 calendar days, measured from the date of the revocation letter, to limit the window during which revoked providers could submit improper claims.
- Abuse of Billing Privileges
  - CMS currently may revoke enrollment where a provider has a pattern or practice of submitting claims that fail to meet Medicare requirements, but in making that determination the agency must consider specified factors, including the percentage of claims denied and the provider's history of final adverse actions. CMS is proposing to remove these factors entirely. CMS notes that under the revised provision, a pattern or practice might be established by a simple finding that several of the provider's claims do not meet Medicare requirements.
- False or misleading information

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Medicare Provider Enrollment

- High-Risk Enrollments
- Misdemeanor Convictions – denials for misdemeanor related to sexual assault or financial misconduct with a 10-year lookback
- Hospice Medical Directors and Administrators
- Shared Suites and Misuse of Identity
- Expanded Reach to Owners, Managers, and Related Parties
- Changes in Majority Ownership – denials for noncompliance with the 36-month rule in applicable ownership changes
- Reapplication Bar
- Affiliation Disclosures
- Payment Suspensions

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Construction of a Home Health Specific Wage Index

- Many changes in the wage indices across the country and some areas have significant decreases – ensure that you are reviewing what your wage index is changing to
- CMS is soliciting comments on whether the agency should consider using alternative data sources to construct an HHA specific wage index for potential use in future years.

HH QRP Measure Concepts Under Consideration for Future Years

- CMS is seeking input on advance care planning as a future measure concept for the home health setting.

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Healthcare
Provider
Solutions

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Have any questions?
Scan the QR Code to schedule a call!
Thank You for Joining Us Today!
Let us know what we can do to help you!
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