Home Health Proposed Rule for CY 2027

On July 1, 2026, the Centers for Medicare & Medicaid Services (CMS) released the CY 2027 Home Health Prospective Payment System (HH PPS) Proposed Rule, which proposes annual updates to Medicare payment rates and policies for Home Health Agencies while introducing several operational, regulatory, and compliance-related changes that may impact providers beginning January 1, 2027.

Payment Rate Update

CMS is proposing a positive payment update for Home Health Agencies (HHAs) in CY 2027. While the rule includes a 2.1% home health payment update, CMS also proposes continuation of its temporary behavioral adjustment recoupment methodology. The proposed 2.1% payment update is separate from the temporary behavioral adjustment recoupment required under the PDGM methodology. Unlike prior years, CMS is not proposing an additional permanent behavioral adjustment for CY 2027, citing concerns that utilization changes occurring after 2022 may be influenced by factors other than PDGM implementation.

CMS estimates aggregate Medicare payments to HHAs will increase by approximately 2.4% ($420 million) compared to CY 2026. This reflects:

- 2.1% Home Health Payment Update ($370 million increase)
- 0.3% increase related to Fixed Dollar Loss (FDL) updates ($50 million increase)
- Continued temporary recoupment adjustment of -3.0%

CMS estimates HHAs will see a net increase of approximately $420 million in Medicare payments during CY 2027.

CY Proposed National Standardized 30-Day Period Payment Amount

CY 2026 Final	CY 2027 Proposed (Without Temporary Adjustment)	CY 2027 Proposed (With Temporary Adjustment)
$2,038.22	$2,156.98	$2,092.27

CY National Standardized 30-Day Period Payment for HHAs That Do Not Submit the Quality Data

CY 2026 Final	CY 2027 Proposed (Without Temporary Adjustment)	CY 2027 Proposed (With Temporary Adjustment)
$2,038.22	$2,114.73	$2,051.29

Behavioral Adjustments

CMS is proposing continuation of the temporary behavioral adjustment originally implemented to recover overpayments associated with the transition to PDGM and the 30-day payment unit.
Unlike previous years, CMS is not proposing an additional permanent behavioral adjustment. CMS believes changes occurring after CY 2022 may be related to several confounding factors including:

- OASIS-E implementation
- Ongoing case-mix recalibrations
- Previous payment rate reductions

CMS is proposing a temporary adjustment of -3.0% for CY 2027. CMS estimates approximately $4.9 billion in temporary overpayments from CYs 2020–2025 remain subject to future recoupment. The proposed CY 2027 reduction is expected to recover approximately $500 million.

Home Health Proposed Rule for CY 2027
Comparison By Category

Category	CY 2026 Final Rule	CY 2027 Proposed Rule
Payment Rate Updates	2.2% market basket update with -1.023% permanent adjustment and -3.0% temporary adjustment	2.1% market basket update, no new permanent adjustment, continued -3.0% temporary adjustment, estimated net 2.4% increase
PDGM / Case-Mix Changes	Recalibration of case-mix weights, LUPA thresholds and comorbidity groups	Additional recalibration of case-mix weights, LUPA thresholds, functional impairment levels and comorbidity groups
Palliative Care Services	Not specifically addressed	CMS discusses promoting access to community-based palliative care under the existing Medicare home health benefit.
HH QRP (Quality Reporting Program)	OASIS changes and reporting updates	Revised submission deadlines and move to calendar-year reporting periods
HHVBP (Value-Based Purchasing)	Existing HHVBP changes implemented	No HHVBP-specific policy changes proposed
Provider Enrollment	Enhanced provider oversight and enrollment monitoring	Expanded revocation authority, retroactive revocation authority, ownership-change requirements
Wage Index	Updated hospital wage data	Updated wage index plus RFI regarding development of a Home Health-specific wage index
DMEPOS and Other Changes	DMEPOS accreditation and competitive bidding updates	DMEPOS replacement item clarification, infusion pump expansion, country-of-origin reporting requirements

Home Health Proposed Rule for CY 2027

Palliative Care Services Under the Home Health Benefit

CMS recognizes the important role Home Health Agencies can play in providing community-based palliative care under the existing Medicare Home Health benefit. The agency notes that home health services may serve as an important step in the care continuum for patients with serious or progressive illnesses who need symptom management and supportive care but are not yet ready to elect hospice.

CMS is not proposing a new Medicare benefit or expanding Home Health eligibility. Instead, it is seeking stakeholder feedback on how to improve access to community-based palliative care through the existing Home Health benefit and plans to issue future sub regulatory guidance with examples of appropriate palliative care services.

Key Takeaways:

- No new palliative care benefit or expanded Home Health eligibility is proposed.
- CMS recognizes Home Health's role in providing community-based palliative care.
- CMS is seeking public feedback on improving access under the existing benefit.
- Additional guidance on appropriate palliative care services is expected through future sub regulatory guidance.

Wage Index Update

CMS proposes the routine annual update to the Home Health wage index using the most current hospital wage data, consistent with existing payment methodology.
In addition, CMS is issuing a Request for Information (RFI) seeking stakeholder feedback on the potential development of a Home Health-specific wage index using alternative data sources, such as wage information from the Bureau of Labor Statistics (BLS). CMS is requesting comments on whether an alternative methodology could more accurately reflect the labor costs and workforce characteristics unique to Home Health agencies.
CMS is specifically seeking feedback on:

- Alternative labor data sources that could support a Home Health-specific wage index
- Occupational wage data relevant to Home Health providers
- Whether a Home Health-specific wage index would better reflect Home Health labor markets
- Potential methodologies for developing and implementing a Home Health-specific wage index

At this time, CMS is not proposing to adopt a Home Health-specific wage index. Rather, the agency is gathering stakeholder input to evaluate whether such an approach should be considered in future rulemaking.

Recalibration of PDGM Case-Mix Weights

CMS continues its policy of annual recalibration of PDGM payment methodology and proposes updates using CY 2025 utilization data. Updates include:

- Case-mix weights
- LUPA thresholds
- Functional impairment levels
- Comorbidity adjustment subgroups

CMS estimates:

- 18 PDGM groups would experience a one-visit reduction in LUPA thresholds.
- 2 PDGM groups would experience a one-visit increase in LUPA thresholds.

These updates are intended to better align payment with current patient resource utilization patterns.

Home Health Proposed Rule for CY 2027

Home Health (HH) Quality Reporting Program (QRP) Updates

CMS proposes several modifications to the Home Health Quality Reporting Program.
Proposed changes include:

- Revised HH QRP submission deadlines beginning with CY 2027.
- Transition to calendar-year reporting for OASIS and HHCAHPS data collection.
- Improvements in digital information transfer processes during reconsiderations.
- Request for Information regarding future Advanced Care Planning quality measures.

Unlike prior years, CMS is not proposing significant additions or removals of OASIS items.

Provider Enrollment

CMS proposes several significant provider enrollment and program integrity initiatives.

Key proposals include:

- Retroactive application of revocation actions.
- Additional denial and revocation authorities.
- Enhanced ownership change enforcement.
- Expansion of denial and revocation authority related to owners and managing employees.
- Expanded reapplication bars following enrollment denials.

CMS estimates the provider enrollment proposals could result in approximately $82 million annually in savings through prevention of improper Medicare payments.

DMEPOS Requirements for Identical Replacement Items

CMS proposes clarification regarding face-to-face encounter requirements for replacement DMEPOS items.
Under the proposal:

- A new face-to-face encounter would not be required solely because a replacement item is needed.
- Original documentation supporting medical necessity must still be available.
- A replacement item is defined as an item using the same HCPCS code as the original item.
- New orders would still be required when replacing equipment.

The proposal is intended to reduce administrative burden while maintaining existing documentation requirements.

DME Benefit Expansion for Infusion Pumps and Drugs

Beginning April 1, 2027, CMS proposes expanded Medicare coverage under the DME benefit for certain:

- External infusion pumps
- Home infusion drugs
- Associated infusion supplies

Coverage would apply when:

- Drug labeling requires administration by or under supervision of a healthcare professional.
- Infusions occur at least monthly.
- A qualified home infusion therapy supplier is involved in administration or supervision.

CMS estimates the policy will generate modest savings while increasing access to home infusion services.

CY 2027 Home Health Proposed Rule

+2.4%
Estimated aggregate payment increase

-3.0%
Proposed temporary PDGM recoupment adjustment

$4.9B
Estimated remaining recoupment balance through CY 2025

Positive Developments

- No additional permanent behavioral adjustment proposed.
- CMS recognizes home health as a setting for community-based palliative care.
- No HHVBP-specific policy changes proposed for CY 2027.

Continuing Challenges

- Temporary recoupment continues despite overall positive update.
- CMS expects future temporary adjustment activity may still be needed.
- Provider enrollment oversight and retroactive revocation authority would expand.

Areas to Watch

- Home health-specific wage index RFI may signal future payment reform.
- Advanced Care Planning measure concept is being explored for HH QRP.
- Final rule may refine payment rates, LUPA thresholds, and case-mix values.

Bottom Line

CY 2027 is less disruptive than CY 2026, but agencies should not treat it as a simple rate increase. The key operational issues are continued PDGM recoupment, provider enrollment scrutiny, palliative care positioning, and possible future wage index reform.

References:

Centers for Medicare & Medicaid Services (CMS). Medicare and Medicaid Programs; Calendar Year (CY) 2027 Home Health Prospective Payment System Rate Update; Home Health Quality Reporting Program Requirements; Home Health Value-Based Purchasing Model Requirements; and Related Medicare Program Changes (CMS-1844-P).

Centers for Medicare & Medicaid Services (CMS). Calendar Year (CY) 2027 Home Health Prospective Payment System Proposed Rule Fact Sheet (CMS-1844-P).

Centers for Medicare & Medicaid Services. Home Health Prospective Payment System (HH PPS) – Proposed Rule Resources.