Texas Cannot Take More Cuts to Home Health

CMS made real progress in the proposed CY 2027 rule—but a 3% temporary cut, built on fraud-contaminated data, keeps rates below the level Congress intended.

Texas Association for Home Care & Hospice
Leading ★ Advancing ★ Advocating

The Ask: Cosponsor the Medicare Home Health Payment Integrity and Protection Act of 2026 — S. 5250 / H.R. ___

Senate: introduced by Sen. Susan Collins (R-ME). **House:** a companion bill is expected to be filed after Labor Day. The bill directs CMS to reset home health rates to account for fraud-distorted data and pairs that correction with targeted, risk-based enforcement.

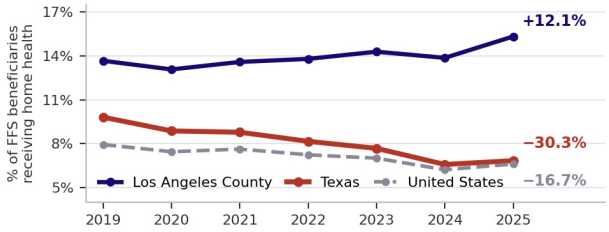
We Appreciate CMS Progress—But the Cut Continues

- Home health provides skilled post-acute care in the home, improving outcomes while helping avoid costly hospitalizations and skilled nursing facility stays. Although it accounts for only about **2% of Medicare spending**, CMS continues to apply payment reductions tied to the Patient-Driven Groupings Model (PDGM), the home health payment system implemented in 2020.
- After four years of compounding permanent behavioral adjustments that have **reduced home health payments by approximately 10% since CY 2023**, CMS has proposed **no additional permanent cut in CY 2027**. CMS estimates a **+2.4% ($420 million)** aggregate increase in home health payments for CY 2027.
- However, CMS continues to pursue recoupment through temporary behavioral adjustments, imposing **another −3.0% reduction in CY 2027** and withholding approximately **$500 million** from Medicare home health providers. Given CMS's alleged outstanding temporary-adjustment balance of **$4.9085 billion** through CY 2025, and the pending calculation for CY 2026, the agency appears poised to **continue imposing temporary reductions for years to come**.
- Since PDGM began in 2020, cumulative home health annual payment updates total roughly **5.8%**, while hospices, skilled nursing facilities, and hospitals have received roughly **20–22.5%**.

#1	−30.3%	476	38 of 38
more home health agencies lost than any other state	drop in Texas patient utilization	Texas agencies lost since 2019—triple the next state	Texas congressional districts saw utilization decline

Texas patient utilization is falling faster than the nation's

Share of Medicare fee-for-service beneficiaries receiving home health, 2019–2025. Los Angeles County is climbing.



In Texas counties:

Patient utilization: 173 of 246 counties declined 20% or more; **37** declined 40% or more.

Agency supply: 18 counties had no home health agency at all in 2025; **77** had two or fewer.

Source: CMS Home Health Market Saturation and Utilization State and County Level Data, 2019–2025; CMS Medicare Advantage Monthly Enrollment data.

Contact: governmentaffairs@tahch.org

National Averages Hide Two Different Markets

Texas suffered the steepest home health decline in the country while one California county grew—and that county's data helps set every Texas agency's rate.

Texas Association for Home Care & Hospice
Leading ★ Advancing ★ Advocating

One County Has More Agencies Than All of Texas

	TEXAS	LOS ANGELES COUNTY
Home health agencies, 2025	**1,012**	**1,847**
Beneficiaries receiving home health, 2025	**186,624**	**133,713**
Share receiving home health, 2025	**6.8%**	**15.3%**
Change in utilization, 2019–2025	**−30.3%**	**+12.1%**

One California county has **82% more home health agencies than all of Texas** while serving **28% fewer patients**—roughly two and a half times as many agencies per patient served. Its utilization **rose** while Texas fell furthest in the nation. Statewide, California grew from 1,338 agencies in 2019 to **2,451** in 2025.

Why Texas Pays for Los Angeles County

- Texas lost **476 agencies** between 2019 and 2025. Nationally, the count fell by only **347**—so **Texas alone lost more agencies than the entire national net decline**. California's growth concealed it.
- Texas holds **6.9%** of the nation's Medicare fee-for-service beneficiaries but accounts for **15.6%** of its estimated home health access loss—roughly **314,500 fewer Texans** served since 2019.
- In 2024, about **82.4% of Los Angeles County home health agencies filed cost reports showing Medicare fee-for-service activity only**—even though Medicare Advantage covers roughly 56% of beneficiaries in the county. In comparable counties with similar Medicare Advantage enrollment, only about **4%** of agencies show this pattern.
- CMS uses these claims and cost reports to establish **national home health payment factors**, including PDGM patient-acuity adjustments, low-utilization thresholds, budget-neutrality calculations, and quality benchmarks. As a result, **Texas agencies are paid on a national dataset they did not distort.**

What We're Asking of the Texas Delegation

FIRST: COSPONSOR S. 5250 / H.R. ___

The Medicare Home Health Payment Integrity and Protection Act of 2026 (Collins; House companion expected after Labor Day) **resets the home health payment base to the budget-neutral level Congress intended**—approximately **$2,382.87** for CY 2027, against the proposed **$2,092.27**—and pairs that correction with targeted, risk-based fraud enforcement.

THEN: PRESS CMS TO ACT WITHIN ITS EXISTING AUTHORITY

1. **Withdraw the CY 2027 temporary adjustment** and apply the full annual payment update without the 3.0% reduction.
2. **Suspend further permanent and temporary behavioral reductions** unless and until CMS can demonstrate the expenditure difference was caused by legitimate behavior attributable to PDGM and the 30-day unit of payment.
3. **Eliminate, or at minimum recalculate, the $4.9 billion temporary-adjustment balance** using clean, representative data that exclude highly anomalous claims and other non-PDGM factors.
4. **Let the nationwide enrollment moratorium expire in November rather than extend it**, and adopt strong, risk-based safeguards targeting demonstrably high-risk providers, billing patterns, and markets while protecting compliant providers and beneficiary access.

Contact: governmentaffairs@tahch.org