SUPPORT THE HOME HEALTH STABILIZATION ACT
STOP CMS's DEVASTATING HOME HEALTH CARE CUTS!

HCANYS
Home Care Association of New York State

Background – CMS Payment Conversion Leads to Catastrophic Cuts

In 2020, CMS converted to a new Medicare payment system for home health care, called the Patient Driven Groupings Model (PDGM). While intended by Congress to render a more patient-centered finance system, CMS applied an untested budget-neutral methodology that has led to billions in devastating cuts to current and prospective Medicare home health payments.

These cuts severely undermine Medicare home health services, along with hospitals and health system services dependent on home health. CMS cuts in the Medicare Home Health Prospective Payment System (PPS) Rate Update and Wage Index Update for each year for Calendar Years (CY) 2020 through 2025, and as further proposed for 2026, suffer a compounded impact on New Yorkers' access to life-saving medical care at home, and worsens the already crisis-level capacity limits of NY hospitals. The health outcomes, well-being, and quality of life for patients in New York are further compromised if CMS is allowed to continue these cuts.

Stop The Cuts: Enact The Home Health Stabilization Act

Led and supported by the efforts of HCANYS national affiliate, the National Alliance for Care at Home, Representatives Kevin Hern (R-OK) and Terri Sewell (D-AL) have introduced H.R. 5142, the Home Health Stabilization Act of 2025 (HHSA), to place a pause any new cuts from taking effect.

The HHSA:

- Calls for a two-year pause in all cuts under the Patient-Driven Groupings Model (PDGM.)
- Would require CMS to make payment rates for CY 2026 based on CY 2025 plus annual payment updates. For CY 2027, it would be the CY 2026 payment rate updated by the annual payment rate.

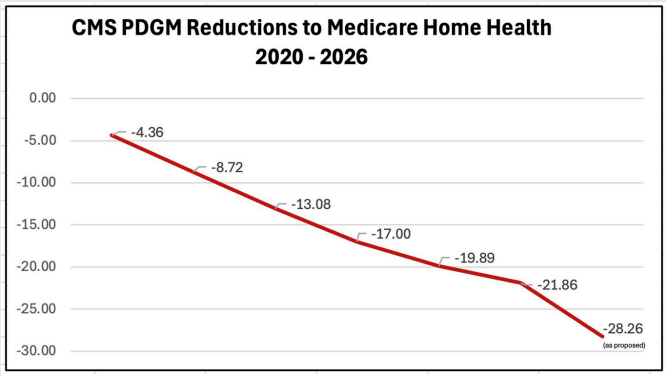
In addition to this legislation, the Alliance is working directly with CMS to revise the proposed rule to administratively ameliorate these cuts. HCANYS is working together with the Alliance to support the Home Health Stabilization Act and a rollback of the cuts by CMS.

Impact of The Cuts on Home Health, Hospitals, The Health System

Since 2020, every iteration of CMS's payment rule depletes the system, compounding cuts of -4.36% in 2020, - 4.36% in 2021, - 4.36% in 2022, -3.92% in 2023, -2.89 in 2024, and - 1.97 in 2025, for a combined total of 21.86%. CMS's published 2026 rule would cut an additional 6.4% for CY 2026, for a total accumulated cut of over 28.26%.

These reduced levels are further subject to Medicare sequestration cuts of 2%, and wage-region index adjustments in the new proposed payment rule reducing the New York City area wage index by more than -1.32% and the Long Island region wage index by over -2.86%! These cuts are unsustainable for Medicare home health services to elderly and disabled constituents.

Meanwhile, national Medicare home health funding was already down even prior to these cuts.



Home Care is healthcare.

continued...

Impacts Continued:

Financial Stability

- Across NYS, prior to the implementation of the CMS cuts, 58% of the approximate 100 home health agencies in NYS were providing services at negative margins that averaged around minus -16.61% due to chronic underfunding and support.*
- CHHAs reported an average accounts receivable of 85 day outstanding.*
- Negative change of an est. minus -24.6% in home health access from 2019 to 2023 in NYS.*

Workforce

- Workforce shortages are uniquely impacting home health care and are compounded by chronic underfunding to this sector, that is now far worsened by the CMS rate cuts.

Patient Access & Care

- 188,000 Medicare enrollees who needed but did not receive home health care 2020 - 2023*
- Approximately 20% of CHHAs have closed since 2019.
  - 2023 – Jan 2024, CHHA closures have impacted 6,237 patients through 16 upstate counties.
  - 2024 Closure of VNS of Staten Island, a 100+ year old anchor CHHA for Staten Island.
  - 2025 to date – 2 Hudson Valley CHHAS impacting an additional 7 counties (and at least one other CHHA closure is reportedly in the planning in the region).
  - In 2012, prior to MRT mandate, over 100 of the 107 – 110 Medicare, Medicaid & Private Insurance eligible LTHHCP agencies closed due to NYS's Medicaid Redesign policy redirecting LTHHCP patients to managed care. The loss of the LTHHCP agencies eliminated a core service option and puts additional, enormous pressure on the home health, managed care, and all system partners.
- When comparing cohorts, patients who receive home health services within 7 days of discharge see substantially lower emergency department, readmission, and mortality rates in 90 days following discharge, as well as a lower 90-day total cost of care than patients who go home without home health services.

Hospital Impacts

- Hospitals are highly dependent on home health services to help prevent and divert ER demand and admissions, transition patients to post-acute recovery and care, and to partner on surgical, primary and other preventive medical management. Moreover, NYS hospitals are also grappling with severe discharge delays for complex cases resulting in extended stays and fewer beds available for more acute cases and cite inability of placement setting (including home health) to accept cases as the primary reason for delays. The worst scenario is for home health access to be further diminished, when instead, access needs to be supported and expanded.
  - Over 400,000 New Yorkers are referred for home health services every year; 63% are from hospitals.
  - NY hospital referrals in 2022 were 79% higher than 2019, but agency acceptances were down over 50% from 2019.
- These cuts mean New Yorkers will linger in hospitals longer, their health outcomes will decline, health care costs will continue to rise, and overall quality of life for these patients will suffer.

Medicare Systemic Impact – Thwarting $3.76 Billion in Home Health Savings Capacity

- Crippling and eliminating the very agencies that CMS and Congress intend to produce $3.76 Billion in Medicare savings through the Home Health Value Based Purchasing Model for CYs 2024 through 2027 from, according to CMS, "reductions in unnecessary hospitalizations and SNF usage as a result of greater quality improvements in the HH industry," thwarts the very cost-savings, health system improvements, and quality of care/quality of life improvements that are the goals of the Congress and the Administration.

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