



# APTA

# Home Health<sup>SM</sup>

An Academy of the American  
Physical Therapy Association

## **BREAKING NEWS: The Home Health Final Rule is Finally Released!**

Ellen Strunk, PT, MS, FAPTA

In typical fashion, the Centers for Medicare and Medicaid Services (CMS) released the Home Health (HH) final rule during a holiday week. But this year, the government shutdown delayed it even later. At 4:15 EST on the day after Thanksgiving, the HH Calendar Year (CY) 2026 Final Rule was publicly posted. You can find it here: <https://www.federalregister.gov/public-inspection/2025-21767/medicare-and-medicaid-programs-calendar-year-2026-home-health-prospective-payment-system-rate-update>.

**For physical therapists (PTs) and physical therapist assistants (PTAs) working in HH, the rule holds a mixed bag of Thanksgiving leftovers. This article will summarize the five key provisions of the Final Rule, including the CY 2026 payment updates for the:**

- National, standardized 30-day payment rate;
- Low-utilization payment adjustments (LUPAs); and the
- Patient Driven Grouper Model (PDGM) case mix weights, functional impairment levels and comorbidity subgroups.

The article will also discuss four other topics of interest to PTs and PTAs discussed in the final rule: the Home Health Quality Reporting Program (HH QRP), the Expanded Home Health Value-Based Purchasing (HHVBP) Model, the face-to-face encounter policy at 42 CFR 424.22(a)(1)(v), and finally, the updates to the HH Conditions of Participation (CoPs) to align with the OASIS all-payer submission requirements. Readers interested in the other provisions of the HH Final Rule (Medicare and Medicaid Provider Enrollment and Durable Medical Equipment, Prosthetic Devices, Prosthetics, Orthotics and Supplies (DMEPOS) Supplier Changes) can find them in the link provided above.

### **I. CY 2026 Payment Updates**

- a. **National, standardized 30-day payment rate**

CMS finalized a -1.023% permanent adjustment for CY 2026 instead of the proposed 3.7% decrease that reflected the net impact of the permanent behavior adjustment required by statute. In a decision that appeared to be influenced by stakeholder comments, CMS made the decision to finalize the permanent adjustment for behavior change using only claims from CY's 2020–2022 claims data. CMS admitted that there were several factors that made it difficult too determine changes resulting from the implementation of PDGM and non-PDGM-related behaviors, such as recalibration of case-mix weights and other changes CMS finalizes as part of its normal annual rulemaking activities. However, CMS stated that they would continue to annually analyze the data from CY 2023 through CY 2026 to determine if any additional permanent adjustments would be necessary.

CMS also finalized -3.0% temporary adjustment for CY 2026 instead of the -5.0% proposed adjustment, stating that they believe this moderated approach balances their statutory requirements with provider concerns, while leaving room for additional adjustments in future years.

**The overall economic impact for HH agencies (HHAs) in CY 2026 is a -1.3% change in payments.** This number reflects the final CY 2026 HH market basket update of +2.4% combined with both the permanent and temporary behavior change assumption adjustments across the national, standardized 30-day period payments and the LUPA 30-day payment periods. Specifically, **Figure 1** illustrates how the CY 2026 finalized change is calculated, and **Table 1** provides the Updated CY 2026 National, Standardized 30-day period payment amounts.

**Figure 1. Calculation of Final CY 2026 HH Update**

2.4% CY 2026 final HH payment update percentage  
 + (-0.9%) permanent adjustment  
 + (-2.7%) temporary adjustment  
 ± (-0.1%) updated fixed-dollar loss for outlier payments  
 - 1.3% Total Update

**Table 1. CY 2026 National, Standardized 30-day Period Payment Amount**

CY 2025 30-day Period Payment	CY 2026 30-day Period Payment for HHAs Submitting Quality Data	CY 2026 30-day Period Payment for HHAs Who Do Not Submit Quality Data
\$2,057.35	\$2,038.22	\$1,998.41

**b. Patient Driven Grouper Model (PDGM) case mix weights and Low-utilization payment adjustments (LUPAs)**

Most commenters supported CMS proposed updates to LUPA thresholds for CY 2026 using CY 2024 claims data. The final LUPA thresholds with the corresponding Health Insurance Prospective Payment System (HIPPS) codes and the case-mix weights are available on the HHA CY 2026 Final Rule web page, located at <https://www.cms.gov/medicare/payment/prospective-payment-systems/home-health/home-health-prospective-payment-system-regulations-and-notice/cms-1828-f> in the **Downloads** section or by clicking on the file named [CY 2026 Final HH PDGM Case Mix Weights and LUPA Thresholds](#).

**c. Functional impairment levels and comorbidity subgroups**

As they have done in previous years, CMS updated the functional impairment levels by referring to the methodology used in the technical report from December 2016 which constructed the functional impairment levels to ensure that the percentage of claims falling within each level was evenly divided. Several commenters opposed this methodology as arbitrary, nontransparent, and reflecting changes that are not aligned with actual patient characteristics. Some commenters objected to this method stating that this approach does not reflect the increasing acuity of **all** functional levels. Despite objections, CMS finalized the proposed functional points and functional impairment level updates as proposed. These can be found in Table 9 in the CY 2026 Final Rule link included at the beginning of this article.

CMS also finalized updated comorbidity adjustment subgroups using CY 2024 HH data. For CY 2026, the final updated comorbidity adjustment subgroups include 20 low comorbidity adjustment subgroups and 98 high comorbidity adjustment interaction subgroups, located at <https://www.cms.gov/medicare/payment/prospective-payment-systems/home-health/home-health-prospective-payment-system-regulations-and-notices/cms-1828-f> in the **Downloads** section or by clicking on the file named [CY 2026 Final Low Comorbidity and High Comorbidity Adjustment Interactions](#).

## II. **Home Health Quality Reporting Program (HH QRP)**

CMS finalized the removal of the COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date measure beginning with the CY 2026 HH QRP. HHAs had not yet begun collecting this information, but CMS determined the costs associated with the measure outweighed the benefit of its continued use in the program.

CMS finalized the removal of four items adopted in the CY 2025 HH Final Rule as standardized patient assessment data elements under the social determinants of health (SDOH) category: one item for Living Situation (R0310); two items for Food (R0320A and R0320B); and one item for Utilities (R0330). HHAs had not yet begun collecting this information, but CMS acknowledged the burden associated with these items and noted they will work towards creating a workflow for these specific data elements as part of a low burden interoperable electronic system.

## III. **Expanded Home Health Value-Based Purchasing (HHVBP) Model**

CMS is removing three measures from the current measure set and adding four measures beginning in CY 2026. First, CMS is removing these three HH Consumer Assessment of Healthcare Providers and Systems (CAHPS®) (HHCAHPS) measures:

1. Care of Patients
2. Communications between Providers and Patients
3. Specific Care Issues

CMS is finalizing its proposal to add the Medicare Spending Per Beneficiary Post-Acute Care (MSPB-PAC) measure to the Expanded HHVBP beginning in CY 2026. This measure has been a HH QRP measure since CY 2017.

CMS is finalizing its proposal to add three OASIS-based functional measures to the Expanded HHVBP beginning in CY 2026, despite mixed comments from stakeholders.

CMS noted that their intention was to complement the Discharge Function Score measure that was added to the HHVBP measure set starting with CY 2025 to provide a more holistic picture of patients' functional status. Additionally, they pointed out that these three measures have already been tested, validated, and implemented for other purposes within CMS models and programs:

1. Improvement in Bathing (based on OASIS item M1830)
2. Improvement in Upper Body Dressing (based on OASIS item M1810)
3. Improvement in Lower Body Dressing (based on OASIS item M1820)

#### IV. **Face-to-face encounter policy at 42 CFR 424.22(a)(1)(v)**

In 2010, the Affordable Care Act required that prior to certifying a patient's eligibility for the home health benefit, the physician must document that the physician himself or herself or a non-physician practitioner (NPP) has had a face-to-face encounter with the patient. In the CY 2011 HH Final Rule, CMS established that the certifying physician must document the face-to-face encounter regardless of whether the physician himself or herself or one of the permitted NPPs performed the face-to-face encounter.

In the CY 2026 proposed rule, CMS adopted their proposal to expand the providers that could conduct face-to-face encounters to one of the following: a physician, a nurse practitioner, a clinical nurse specialist, or a physician assistant or a certified nurse-midwife; and to remove the requirement that the encounter be performed by 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. CMS thanked commenters for their suggestions for updating subregulatory guidance with additional clarifying information and examples. CMS also noted they would continue to educate MACs and auditors to further support consistent application of existing regulations and the finalized additional flexibility.

#### V. **HH Conditions of Participation (CoPs) to align with the OASIS all-payer submission requirements**

Many therapists are aware of the confusion caused earlier this year with a HH Questions and Answers (Q&A) document posted on July 2, 2025, two calendar days after the mandatory requirement for OASIS collection on all patients regardless of payer ([https://qtso.cms.gov/system/files/qtso/CMS\\_OAI\\_Qtr\\_2\\_2025\\_QAs\\_July\\_2025\\_final%20508.pdf](https://qtso.cms.gov/system/files/qtso/CMS_OAI_Qtr_2_2025_QAs_July_2025_final%20508.pdf)). This document stated that if a Medicare beneficiary received skilled outpatient therapy services from an approved Medicare-certified home health agency that is billed as outpatient services, then an OASIS would be required. Therapists and other advocates became alarmed, since patients receiving outpatient services are distinctly different than those receiving home health services. Advocates reached out to CMS to say that the provider of those services should not matter, noting that the OASIS was never designed to capture the clinical needs of an outpatient.

CMS retracted its statement in the October 2025 CMS Quarterly OASIS Q&As, stating *"CMS is confirming that all outpatient therapy services – PT, OT, SLP – provided by an HHA and billed under the Medicare Part B benefit that do not have a home health plan of care in effect do not require completion of the OASIS. Please note that this response supersedes the guidance that was published in Question 1 of the July 2025 CMS Quarterly*

OASIS Q&As.”

([https://qtso.cms.gov/system/files/qtso/CMS\\_OAI\\_Qtr\\_4\\_2025\\_QAs\\_October\\_2025\\_508c.pdf](https://qtso.cms.gov/system/files/qtso/CMS_OAI_Qtr_4_2025_QAs_October_2025_508c.pdf)). In the CY 2026 final rule, CMS modified technical language to remove the term “beneficiary” and replace it with the term “patient.” They noted that these technical changes to update terminology would further clarify that the OASIS submission requirements do not apply to patients receiving Part B outpatient therapy services provided by an HHA that elects to provide these outpatient services since patients receiving Part B outpatient therapy services would not have an HHA plan of care.

To read the full CY 2026 HH PPS Final Rule, visit: <https://www.federalregister.gov/public-inspection/2025-21767/medicare-and-medicaid-programs-calendar-year-2026-home-health-prospective-payment-system-rate-update>.

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Questions?

Please email us at [admin@homehealthsection.org](mailto:admin@homehealthsection.org).