Home Health Line™

decisionhealth® an hcpro brand

CMS' 2027 rate update not as severe, but financial headwinds unchanged

Stay focused on efforts to reduce spending and improve patient outcomes ahead of 2027. CMS might be providing a break from crippling rate cuts, but experts warn that rising costs and other operational hurdles will continue to be a drag on agency success.

The 2027 Home Health Prospective Payment System (HHPPS) Proposed Rule, released July 1, includes an aggregate payment increase of 2.4%, or roughly $420 million. The increase is welcome news, but familiar challenges remain, says Angela Huff, senior manager of consulting at Forvis Mazars.

"In an environment where the cost of doing business is increasing — and likely even more so with ongoing scrutiny and potential audits looming — it's still a hit to the industry," she says.

The rule included a 3% temporary payment cut to chip away at nearly $4.9 billion that CMS argues it overpaid in the early years of the Patient Driven Groupings Model (PDGM).

This shows regulators are comfortable with the agency margins they're seeing, says Beau Sorensen, COO of First Choice Home Health & Hospice of Orem, Utah. "We need to keep operational discipline and do what we can to reduce back-office overhead."

He suggests looking at money spent in your office that isn't generating revenue, including costs associated with your electronic medical record (EMR), as well as other spending around compliance, finance and human resources.

"Agencies need to find ways to reduce their costs through automation, contract negotiation and finding efficiencies," Sorensen says. "You don't want to run a shoestring operation, but the bloat of back-office costs can take on a life of its own that slowly strangles the organization."

Track visits per period, by clinician

Beyond addressing rate impacts, you'll also want to put fresh attention on visits in the home, Sorensen says.

Home Health Line is a weekly newsletter with compliance, regulation and quality updates for home health administrators and management staff. This article appeared in a recent issue. See more info about Home Health Line and other DecisionHealth products on page 4.

CMS put a lot of work into analyzing the trend of fewer home health visits over the past few years.

"We have to recalibrate our overall expenses and work to get more people in the home, while maintaining or improving our overall margin," Sorensen says. "We can say the downward trend is because of reimbursement pressure, but Medicare doesn't see it that way."

When analyzing your own data, track your number of visits per period and by clinician type, Sorensen says. "Medicare put a lot of emphasis on these numbers in the rule, so that means they care about them."

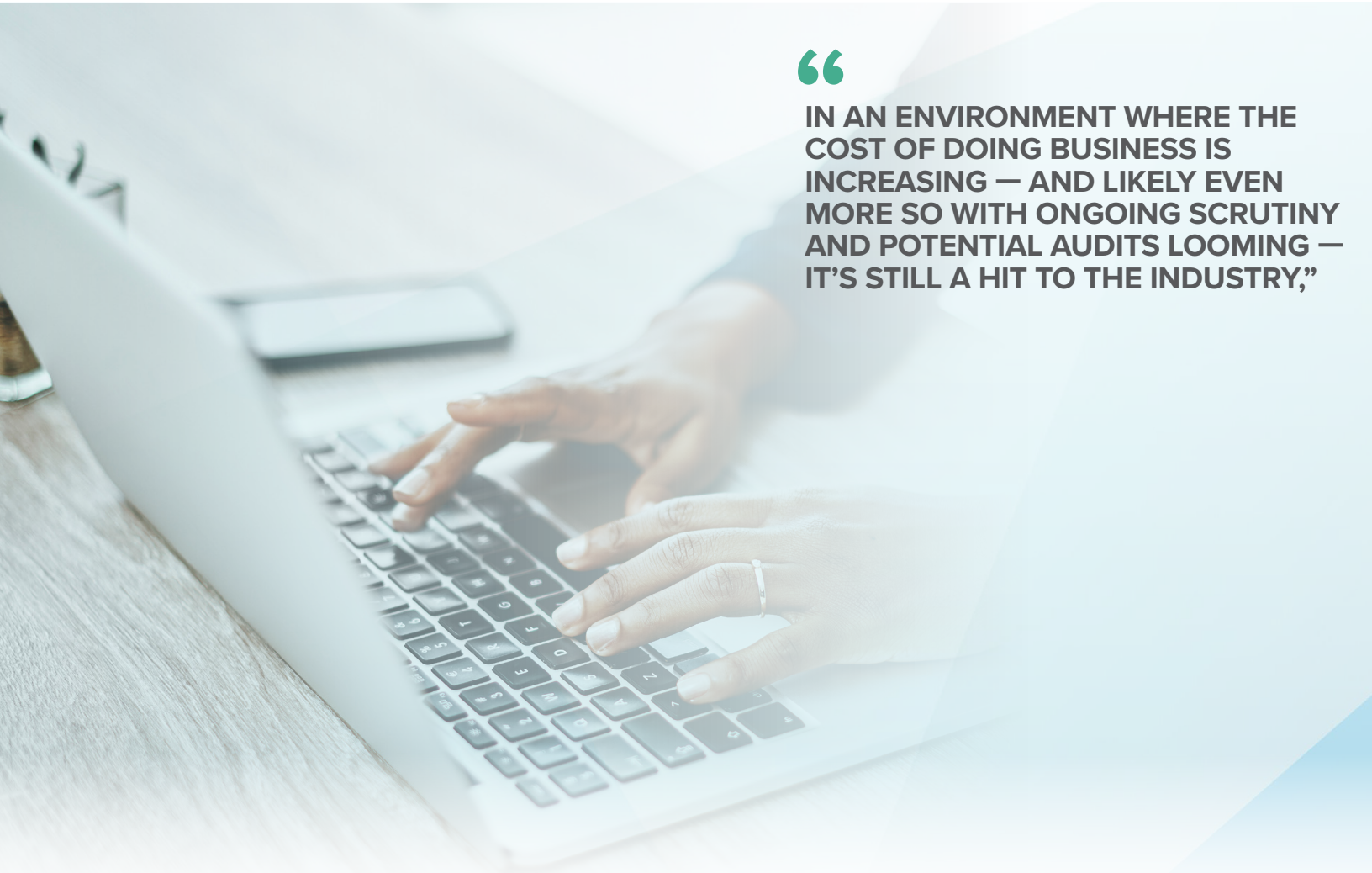
Understand fraud's impact

New fraud enforcement measures were a driving force in the rule — 72 pages of the 269-page rule were dedicated to targeting fraud, waste and abuse.

It signals that there will be more scrutiny on the industry as CMS continues to address vulnerabilities in Medicare, Huff says.

Bad actors have led to a zero-tolerance approach from CMS that will hurt good providers who become collateral damage in the clean-up, she argues.

"Providers should be more than doubling down to make sure that they are operating compliantly across the entire organization in all aspects, including patient care, billing and audit responses, just to name a few," Huff says.



> **"IN AN ENVIRONMENT WHERE THE COST OF DOING BUSINESS IS INCREASING — AND LIKELY EVEN MORE SO WITH ONGOING SCRUTINY AND POTENTIAL AUDITS LOOMING — IT'S STILL A HIT TO THE INDUSTRY,"**

Home Health Line is a weekly newsletter with compliance, regulation and quality updates for home health administrators and management staff. This article appeared in a recent issue. See more info about Home Health Line and other DecisionHealth products on page 4.

DecisionHealth, an HCPro brand, serves the business, clinical, and regulatory needs of healthcare providers, practitioners, and administrative staff across the country. For over 30 years, our trusted news, analysis, tools, and step-by-step guidance have empowered thousands of medical practices and home care organizations to thrive in a complex, ever-evolving environment.

From patient intake to claims submission and final reimbursement, DecisionHealth offers proven strategies and practical resources that help optimize your revenue cycle, improve care quality, and ensure regulatory compliance.

DecisionHealth's Home Health Solutions provide you:

- A leading online code lookup and decision-support tool for all your ICD-10-CM coding and OASIS review needs, complete with coding and OASIS guidance, training resources, breaking news updates, and more.
- Live monthly, expert led calls that cover all key coding, OASIS and regulatory changes needed for compliance and correct reimbursement. Real charts and patient scenarios to work through common tricky coding and OASIS cases.
- Virtual and Online training to build your ICD-10 coding and OASIS expertise, earn CEUs, and prepare for credentialing exams.
- Opportunities to get credentialed and join the Association of Home Care Coding and Compliance (AHCC)
- All the resources you need to enhance your knowledge, grow your skills, and increase your value in the home health industry.

Contact DecisionHealth to learn more about their home care solutions

1-800-650-6787 ext. 2715
sales@decisionhealth.com