

MedPAC Votes on Recommendation for Reduction in Home Health Payments, No Increase in Hospice Payments

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On January 16, 2025, the Medicare Payment Advisory Commission (MedPAC) convened to finalize its recommendations on Medicare payment adequacy for various service lines, including home health and hospice services. The Commission's decisions focused on payment adequacy, access to care, quality, financial performance, and projections for 2025 and beyond. This follows a December 2024 session in which MedPAC provided draft recommendations for, among other provider types, home health and hospice services. See our [Alliance Daily](#) article covering MedPAC's December session.

Note that MedPAC is an advisory body that makes recommendations to Congress. Even with a unanimous vote in favor of any recommendation, Congress must adopt the necessary legislative changes to implement these recommendations. The National Alliance for Care at Home (Alliance) has serious concerns over the potential negative impact these recommendations would have on care access and quality and will continue to strongly advocate for payments that ensure the sustainable delivery of high-quality care in the home.

Home Health

Draft recommendation: For calendar year 2026, the Congress should reduce the 2025 Medicare base payment rates for home health care services by 7%.

Vote: The recommendation was unanimously approved by the Commissioners.

MedPAC staff shared that beneficiary access to home health remained adequate, finding the following:

- **Beneficiaries Access to Care:** According to MedPAC, this indicator was mostly positive:
 - 98% live in a ZIP code with 2 or more HHAs
 - FFS Medicare per capita volume decreased
 - Share of hospital discharges to home health higher than prepandemic level
- **Quality of Care:** According to MedPAC, this indicator was positive:
 - FFS Medicare beneficiaries' risk-adjusted discharge to community rate improved slightly

- Patient experience measures remained high and were stable
- **Access to Capital:** According to MedPAC, this indicator was positive:
 - 2023 all-payer margin: 8.2%
 - HHAs' acquisition efforts have slowed, but firms have continued to acquire HHAs
- **Medicare Payments and Costs:** According to MedPAC, this indicator was positive:
 - FFS Medicare margin in 2023: 20.2%
 - Projected FFS Medicare margin for 2025: 19%

Hospice

Draft recommendation: For fiscal year 2026, the Congress should eliminate the update to the 2025 Medicare base payment rates for hospice.

Vote: The recommendation was unanimously approved by the Commissioners.

MedPAC staff shared that beneficiary access to hospice remained adequate, finding the following:

- **Beneficiaries Access to Care:** According to MedPAC, this indicator was positive:
 - Increase in provider supply
 - Increase in share of decedents using hospice, number of hospice users, total days of care
 - Increased or stable length of stay
 - Stable average visits per week
 - FFS Medicare marginal profit: 14%
- **Quality of Care:** According to MedPAC, this indicator was stable:
 - CAHPS® quality scores were stable
 - Composite process measure increased slightly but generally topped out
 - Number of visits at the end of life was stable or increased slightly, but nurse visits below 2019
- **Access to Capital:** According to MedPAC, this indicator was positive:

- Continued entry of for-profit providers
- Sector viewed favorably by investors
- Provider-based hospices have access via parent provider
- **Medicare Payments and Costs:** According to MedPAC, this indicator was positive:
 - 2022 FFS Medicare margin: 9.8%
 - 2025 projected margin: 8%

Further information about the sessions and slides from the presentations are available at: <https://www.medpac.gov/meeting/january-16-17-2025/>.