

CMS Issues Calendar Year 2023 Home Health Final Rule

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On November 4, 2022, the Centers for Medicare & Medicaid Services (CMS) published the calendar year 2023 Home Health Prospective Payment System Rate [final rule](#), which updates Medicare payment policies and rates for home health agencies. Some of the key changes implemented by the final rule are summarized below.

- **Home Health Payment Rates.** Instead of imposing a significant rate cut, as was included in the proposed rule released earlier this year, CMS has increased calendar year 2023 Medicare payments to home health agencies by 0.7 percent or \$125 million in comparison to calendar year 2022.
- **Patient-Driven Groupings Model and Behavioral Changes.** A -3.925 percent permanent adjustment to the 30-day payment rate has been implemented for calendar year 2023. The purpose of this adjustment is to ensure that aggregate expenditures under the new patient-driven groupings model payment system are equal to what they would have been under the old payment system. Additional permanent adjustments are expected to be proposed in future rulemaking.
- **Permanent Cap on Wage Index Decreases.** The rule finalizes a permanent 5 percent cap on negative wage index changes for home health agencies.
- **Recalibration of Patient-Driven Groupings Model Case-Mix Weights.** CMS has finalized the recalibration of the case-mix weights, including the functional levels and co-morbidity adjustment subgroups and the low utilization payment adjustment thresholds, using calendar year 2021 data in an effort to more accurately pay for the types of patients home health agencies are serving.
- **Telehealth.** CMS plans to begin collecting data on the use of telecommunications technology under the home health benefit on a voluntary basis beginning on January 1, 2023, and on a mandatory basis beginning on July 1, 2023. Further program instruction for reporting this information on home health claims is expected to be issued in January of 2023.
- **Home Infusion Therapy Benefit.** The Consumer Price Index for all urban consumers for June 2022 is 9.1 percent and the corresponding productivity adjustment is a reduction of 0.4

percent. Therefore, the final home infusion therapy payment rate update for calendar year 2023 is an increase of 8.7 percent. The standardization factor, the final geographic adjustment factors, national home infusion therapy payment rates, and locality-adjusted home infusion therapy payment rates will be posted on CMS' Home Infusion Therapy Services [webpage](#) once the rates are finalized.

- **Finalization of All-Payer Policy for the Home Health Quality Reporting Program.** CMS has ended the temporary suspension of Outcome and Assessment Information Set (OASIS) data collection on non-Medicare/non-Medicaid home health agency patients. Beginning in calendar year 2027, home health agencies will be required to submit all-payer OASIS data, with two quarters of data required for program year 2027. A phase-in period will occur from January 1, 2025 through June 30, 2025, and during that time the failure to submit the data will not result in a penalty.
- **Health Equity Request for Information.** The comments received from stakeholders providing feedback on health equity measure development for the Home Health Quality Reporting Program and the potential future application of health equity in the Home Health Value-Based Purchasing Expanded Model's scoring and payment methodologies are summarized in the final rule.
- **Baseline Years in the Expanded Home Health Value-Based Purchasing (HHVBP) Model.** For the Expanded Home Health Value-Based Purchasing Expanded Model, CMS is: updating definitions, changing the home health agency baseline calendar year (from 2019 to 2022 for existing home health agencies with a Medicare certification date prior to January 1, 2019, and from 2021 to 2022 for home health agencies with a Medicare certification date prior to January 1, 2022); and changing the model baseline calendar year from 2019 to 2022 starting in 2023.

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National Law Review, Volume XII, Number 327

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