# Medicare Dials Back Planned Pay Cuts for Home Health Agencies

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The Centers for Medicare & Medicaid Services office, part of the U.S. Department of Health and Human Services, is headquartered in Woodlawn, Md.
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Home health agencies in 2026 will see their Medicare payments decrease by 1.3%, or $220 million, under a payment rule released Friday by the Trump administration.

The final rule's (**RIN 0938-AV53**) cuts are significantly less than the 6.4%—or roughly $1.1 billion—that the Centers for Medicare & Medicaid Services initially proposed. The agency dialed back the reductions associated with Medicare's transition to the Patient-Driven Groupings Model, a value-based payment system that reimburses providers based on patient characteristics and needs, after commenters said other factors could be influencing the provider behaviors that the CMS was trying to mitigate.

The rule, released Friday, also applies an additional payment cut of 3% just for the 2026 calendar year, down from the proposed 5%.

The payment offsets are part of a plan from the CMS to recover billions of dollars in apparent overpayments through future rulemaking, though industry groups have claimed the agency continues to use a flawed methodology to assess past overpayments and determine future payments.

A federal court in the District of Columbia **tossed a lawsuit** in April 2024 over the disputed **payment model** that has slashed $19 billion in Medicare home health payments since 2020, according to the Partnership for Quality Home Healthcare