

MedPAC Recommends Home Health Payment Rate Cut, Hospice Update Freeze

Source: NAHC, January 12, 2024

The Medicare Payment Advisory Commission (MedPAC) unanimously [voted Thursday, January 11, 2024](#), to recommend cutting the home health base payment rate by seven percent in CY2025 and freezing the hospice update to 2024 Medicare base payment rates for FY2025. MedPAC, which advises Congress on Medicare payment issues, previously [released draft recommendations](#) for these reductions in December 2023.

If accepted by Congress, these recommendations would result in a significant cut in spending. Home health spending would fall between \$750 million and \$2 billion in one year and \$5 billion to \$10 billion over five years.

“That recommendation is based on an antiquated methodology of assessing whether the rates are sufficient to provide beneficiaries with access to care,” said NAHC President William A. Dombi. “Given that the current rates are insufficient, the cut recommended today would essentially destroy the primary Medicare benefit that actually saves Medicare expenditures through a reduction in more costly care. We call on Congress to see the true picture that home health care needs more support rather than less.”

Regarding the recommendation to freeze hospice rates in FY 2025, MedPAC “was a bit easier on hospice,” Dombi said. Spending on hospice would fall from \$250 million to \$750 million over a year and between \$1 billion and \$5 billion over five years, if the recommendations are enacted.

“This recommendation is offered at a time when hospice care costs have risen faster than any inflation update provided by CMS [Centers for Medicare & Medicaid Services],” said Dombi. “A rate freeze would interfere with the progress made through hospice wherein highly patient-centered care, controlled by the patient at the most important point of an individual’s life, offers Medicare with significant financial savings while providing incredible end-of-life care.”

NAHC will continue to advocate forcefully for spending and payment rates that ensure access to quality home health and hospice care for all who need and want it. Stay tuned to *NAHC Report* for updates on this important story.