CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 14031	**Date: October 29, 2026**
	Change Request 14668

NOTE: This Transmittal is no longer sensitive and is being re-communicated November 10, 2026. The Transmittal Number, date of Transmittal and all other information remains the same. This instruction may now be posted to the Internet.

SUBJECT: Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2027

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to update the CY 2027 30-day period payment rates, the national per-visit amounts, the separate payment amount for a disposable negative pressure wound device (dNPWT), and the cost-per-unit payment amounts used for calculating outlier payments under the HH PPS. The attached recurring update notification applies to Pub. 100-04, Medicare Claims Processing Manual, chapter 10, section 70.5.

EFFECTIVE DATE: January 1, 2027
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: January 4, 2027

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:
For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:
Recurring Update Notification

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 14031	Date: October 29, 2026	Change Request: 14668

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II. GENERAL INFORMATION

A. Background: The Medicare Home Health Prospective Payment System (HH PPS) rates provided to Home Health Agencies (HHAs) for furnishing home health services are updated annually as required by section 1895(b)(3)(B) of the Social Security Act (the Act). The Calendar Year (CY) 2027 HH PPS rate update includes a change to the 30-day period payment rates, the national per-visit amounts, the separate payment amount for a disposable negative pressure wound device (dNPWT), and the cost-per-unit payment amounts used for calculating outlier payments under the HH PPS.

B. Policy: Section 1895(b)(3)(B) of the Act requires that the standard prospective payment amounts for CY 2025 be increased by a factor equal to the applicable home health market basket update for those HHAs that submit quality data as required by the Secretary. Section 1895(b)(3)(B)(v) of the Act requires that the home health update be decreased by two (2) percentage points for those HHAs that do not submit quality data as required by the Secretary. Section 1886(b)(3)(B)(xi)(II) of the Act defines the productivity adjustment to be equal to the 10-year moving average of change in annual economy-wide private non-farm business Multi-Factor Productivity (MFP) (as projected by the Secretary for the 10-year period ending with the applicable fiscal year, calendar year, cost reporting period, or other annual period) (the ‘‘MFP adjustment’’). Sections 1895(b)(4)(A)(ii) and (b)(4)(C) of the Act require the Secretary to provide appropriate adjustments to the proportion of the payment amount under the HH PPS that account for area wage differences, using adjustment factors that reflect the relative level of wages and wage-related costs applicable to the furnishing of HH services.

Section 1895(b)(3)(D)(i) of the Act requires the Secretary to annually determine the impact of differences between assumed behavior changes, as described in section 1895(b)(3)(A)(iv) of the Act, and actual behavior changes on estimated aggregate expenditures under the HH PPS with respect to years beginning with 2020 and ending with 2026. Section 1895(b)(3)(D)(ii) of the Act requires the Secretary, at a time and in a manner determined appropriate, through notice and comment rule-making, to provide for one or more permanent increases or decreases to the standard prospective payment amount (or amounts) for applicable years, on a prospective basis, to offset for such increases or decreases in estimated aggregate expenditures, as determined under section 1895(b)(3)(D)(i) of the Act.

Market Basket Update

In the CY 2024 HH PPS final rule, CMS finalized a policy to rebase and revise the home health market basket to reflect a 2021 base year and finalized revisions to the labor-related share to reflect the compensation cost weight of the 2021-based home health market basket of 74.9 percent and the non-labor-related share of 25.1 percent.

Based on IHS Global Insight Inc.'s third-quarter 2026 forecast (with historical data through second quarter 2026), the home health market basket percentage increase for CY 2027 is, specified at section 1895(b)(3)(B)(iii) of the Act, 3.1 percent. The CY 2027 home health market basket percentage increase of 3.1 percent is then reduced by a productivity adjustment, as mandated by the section 3401 of the Patient Protection and Affordable Care Act (the Affordable Care Act) (Pub. L. 111-148), currently estimated to be 1.0 percentage point for CY 2027. In effect, the home health market basket percentage for CY 2027 is a 2.1 percent increase. Section 1895(b)(3)(B)(v) of the Act requires that the home health market basket percentage increase be decreased by 2 percentage points for those HHAs that do not submit quality data as required by the Secretary. For HHAs that do not submit the required quality data for CY 2027, the home health market basket percentage increase is 0.1 percent (2.1 percent minus 2 percentage points).

National, Standardized 30-Day Period Payment

As described in the CY 2027 HH PPS final rule, we begin with the actual CY 2026 national standardized 30-day period payment amount (with the temporary adjustment factor included) and apply an adjustment factor of 1.03093 (which is equal to 1 divided by the CY 2026 temporary adjustment factor of 0.97000) to remove the temporary adjustment factor. We then apply a case-mix weights recalibration budget neutrality factor of 1.0047, a wage index budget neutrality factor of 1.0009 and the CY 2027 home health payment update percentage of 2.1 percent. As discussed in the CY 2027 HH PPS final rule, we also finalized the implementation of a temporary -3.0 percent reduction to the CY 2026 base payment rate. The final temporary adjustment factor is 0.97000. Per section 1895(b)(3)(D)(iii) of the Act a temporary adjustment is to be applied for the applicable year and not included when computing a payment rate for a subsequent year. Therefore, the temporary adjustment factor for CY 2027 would not be included in the starting payment rate for CY 2028.

The CY 2027 30-day payment rates are shown in Tables 1 and 2. The CY 2027 national, standardized 30-day period payment rates are further adjusted by the individual period's case-mix weight and by the applicable wage index.

National Per-Visit Rates

To calculate the CY 2027 national per-visit rates, CMS started with the CY 2026 national per-visit rate. CMS applies a wage index budget neutrality factor of 0.9999 to ensure budget neutrality for Low-Utilization Payment Adjustment (LUPA) per-visit payments after applying the CY 2027 wage index. The per-visit rates are then updated by the CY 2026 home health market basket percentage increase of 2.1 percent for HHAs that submit the required quality data and by 0.1 percent (2.1 percent minus 2 percentage points) for HHAs that do not submit quality data. The per-visit rates are shown in Tables 3 and 4.

Non-Routine Supply Payments

Payment for Non-Routine Supplies (NRS) is part of the national, standardized 30-day period rate. Durable medical equipment provided as a home health service as defined in section 1861(m) of the Act is paid the fee schedule amount and is not included in the national, standardized 30-day period payment amount.

Outlier Payments

The Fixed Dollar Loss (FDL) ratio and the loss-sharing ratio used to calculate outlier payments must be selected so that the estimated total outlier payments do not exceed the 2.5 percent aggregate level (as

required by section 1895(b)(5)(A) of the Act). Historically, CMS has used a value of 0.80 for the loss-sharing ratio which CMS believes, preserves incentives for agencies to attempt to provide care efficiently for outlier cases. With a loss-sharing ratio of 0.80, Medicare pays 80 percent of the additional estimated costs above the outlier threshold amount. The CY 2027 fixed-dollar loss ratio is 0.29 to ensure the total outlier payments do not exceed 2.5 percent of the total payments estimated to be made under the HH PPS.

In the CY 2019 HH PPS final rule with comment period (83 FR 56521), CMS finalized a policy to maintain the current methodology for payment of high-cost outliers upon implementation of the Patient-Driven Groupings Model (PDGM) beginning in CY 2020 and that CMS will calculate payment for high-cost outliers based upon 30-day periods of care. The cost-per-unit rates used for the calculation of outlier payments are shown in Table 5.

Home Health PPS Wage Index

In the CY 2023 HH PPS final rule, we finalized the application of a permanent 5-percent cap on any decrease to a geographic area's wage index from its wage index in the prior year, regardless of the circumstances causing the decline beginning in CY 2023. That is, we finalized that a geographic area's wage index for CY 2023 and subsequent years, would not be less than 95 percent of its wage index calculated in the prior CY.

On July 21, 2023, OMB issued Bulletin No. 23-01, which establishes revised delineations for the MSAs, Micropolitan Statistical Areas, Combined Statistical Areas, and Metropolitan Divisions, collectively referred to as Core Based Statistical Areas (CBSAs) and guidance on uses of the delineation in these areas. These revisions were incorporated into the HH PPS wage index beginning in CY 2025.

For CY 2025, as a transition to help mitigate any significant negative impacts that HHAs may experience due to the adoption of the revised OMB delineations, the permanent 5-percent cap on decreases will be calculated on the county level as well as the CBSA level, so that individual counties moving to a new delineation would not experience more than a 5 percent decrease in wage index from the previous calendar year. Due to the way that we calculated the 5-percent cap for counties that experienced an OMB designation change, some CBSAs and statewide rural areas could have had more than one wage index value because of the potential for their constituent counties to have different wage index values as a result of application of the 5-percent cap. Specifically, some counties that changed OMB designations would have a wage index value that is different than the wage index value assigned to the other constituent counties that make up the CBSA or statewide rural area that they are moving into because of the application of the 5-percent cap. However, for home health claims processing, each CBSA or statewide rural area can have only one wage index value assigned to that CBSA or statewide rural area. Therefore, HHAs that serve beneficiaries in a county that receives the cap were required to use a number other than the CBSA or statewide rural area number to identify the county's appropriate wage index value for home health claims in CY 2025. Beginning in CY 2025, counties that had a different wage index value than the CBSA or rural area into which they were designated after the application of the 5-percent cap used a wage index transition code. These special codes are five digits in length and begin with "50." The 50xxx wage index transition codes are used only in specific counties; counties located in CBSAs and rural areas that do not correspond to a different transition wage index value must still use the CBSA number.

For CY 2027, the 5 percent cap on wage index decreases will continue to be calculated at the county level as well. While some counties that required a transition code for CY 2025 and CY 2026will continue to use the same transition code for CY 2027, other counties that required a transition code in CY 2025 and CY 2026 will no longer require a transition code in CY 2027. For these counties, the CY 2027 wage index of the CBSA or rural area that they are designated into has a wage index higher than 95 percent of their previous CY's wage index. Therefore, these counties will use the CBSA or rural county code of the area they were redesignated into based on OMB Bulletin No. 23-01.

These counties are listed in Table 6 (attached). These special 50xxx codes are also shown in a separate tab in the CY 2026 HH PPS wage index file located at: https://www.cms.gov/medicare/payment/prospective-payment-systems/home-health-pps/home-health-pps-wage-index.

Low-Utilization Payment Adjustment (LUPA) Add-On factors

In the CY 2019 HH PPS final rule with comment period (83 FR 56440), we finalized our policy of continuing to multiply the per-visit payment amount for the first skilled nursing (SN), physical therapy (PT), or speech-language pathology (SLP) visit in LUPA periods that occur as the only period of care or the initial 30-day period of care in a sequence of adjacent 30-day periods of care by the appropriate add-on factor (1.8451 for SN, 1.6700 for PT, and 1.6266 for SLP) to determine the LUPA add-on payment amount for 30-day periods of care under the PDGM.

In order to implement Division CC, section 115, of the Consolidation Appropriations Act (CAA), 2021, CMS finalized changes to regulations at §484.55(a)(2) and (b)(3) that allowed occupational therapists to conduct initial and comprehensive assessments for all Medicare beneficiaries under the home health benefit when the plan of care does not initially include skilled nursing care, but included OT, as well as either PT or SLP (86 FR 62351). In the CY 2022 HH PPS final rule (86 FR 62289), there was not sufficient data regarding the average excess of minutes for the first visit in LUPA periods when the initial and comprehensive assessments are conducted by occupational therapists. Therefore, we finalized a policy using the PT LUPA add-on factor of 1.6700 as a proxy.

In the CY 2025 HH PPS final rule, we finalized the proposal to update the LUPA add-on factors for skilled nursing, physical therapy and speech language pathology. Beginning in CY 2025, the final LUPA add on factors for SN, PT, and SLP are 1.7200 for SN; 1.6225 for PT; and 1.6696 for SLP. We also finalized the proposal to discontinue use of the PT LUPA add-on factor as a proxy and established a discrete OT LUPA add-on factor. Therefore, the OT LUPA factor of 1.7238 is used when occupational therapy is the first skilled visit in a LUPA period that occurs as the only period or an initial period in a sequence of adjacent periods.

The updated LUPA add-on factors are shown in table 7.

Disposable Negative Pressure Wound Therapy Device

Division FF, section 4136 of the Consolidated Appropriations Act of 2023 (CAA, 2023) (Pub. L.117-328) mandates that beginning in CY 2024, the separate payment amount for an applicable disposable Negative Pressure Wound Therapy (dNPWT) device would be set equal to the supply price used to determine the relative value for the service under the Physician Fee Schedule (PFS) under section 1848 as of January 1, 2022 (CY 2022) updated by the specified adjustment described in subparagraph (B) for such year. Division FF section 4136 of the CAA, 2023 also adds a new subparagraph 1834(s)(3)(B), which requires that the separate payment amount to be adjusted by the percent increase in the Consumer Price Index for all Urban consumers (CPI–U) for the 12-month period ending with June of the preceding year minus the productivity adjustment described in section 1886(b)(3)(B)(xi)(II) for such year. For 2025 and each subsequent year, the CAA, 2023 requires that the separate payment amount will be set equal to the payment amount established for the device in the previous year, updated by the percent increase in the Consumer Price Index for all Urban consumers (CPI–U) for the 12-month period ending with June of the preceding year minus the productivity adjustment described in section 1886(b)(3)(B)(xi)(II) for such year.

The CPI–U for the 12-month period ending in June of 2026 is 3.5 percent and the corresponding productivity adjustment is 1.0 percent based on IHS Global Inc.'s third-quarter 2026 forecast of the CY 2027 productivity adjustment which reflects the 10-year moving average of changes in annual economy-wide private non-farm business TFP for the period ending June 30, 2026, which results in a final update of 2.5 percent. Therefore, the CY 2027 final payment amount for an applicable dNPWT device will be $289.15 which is the CY 2025 rate of $282.10 updated by the 2.5 percent final update percentage as shown in Table 8.

III. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME	Shared-System Maintainers				Other
		A	B	HHH	MAC	FISS	MCS	VMS	CWF	
14668.1	Contractors shall access the HH PPS Pricer via the Cloud to pay calendar year 2027 payment rates on claims with “Through” dates on or after January 1, 2027.			X						HH Pricer, PCS
14668.2	The contractor shall apply the CY 2027 HH PPS payment rates for periods with claim statement "Through" dates on or after January 1, 2027.									HH Pricer, PCS
14668.3	The contractor shall use the table of wage index values associated with CBSA codes or special 500xx codes for CY 2027 home health payment calculations.									HH Pricer, PCS
14668.4	The contractor shall instruct providers to submit the CBSA code or special 500xx codes corresponding to the state and county of the beneficiary's place of residence in value code 61 on home health claims.			X						

IV. PROVIDER EDUCATION

Medicare Learning Network® (MLN): CMS will develop and release national provider education content and market it through the MLN Connects® newsletter shortly after we issue the CR. MACs shall link to relevant information on your website and follow IOM Pub. No. 100-09 Chapter 6, section 50.3.3 for distributing the newsletter to providers. When you follow this manual section, you don't need to separately track and report MLN content releases. You may supplement with your local educational content after we release the newsletter.

Impacted Contractors: A/B MAC Part HHH

V. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

VI. CONTACTS

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VII. FUNDING

Section A: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

ATTACHMENTS: 1

TABLE 1: FINAL CY 2027 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT

CY 2026 National Standardized 30-Day Period Payment Without Temporary Adjustment	CY 2027 Case-Mix Weights Recalibration Neutrality Factor	CY 2027 Wage Index Budget Neutrality Factor	CY 2027 HH Payment Update Factor	CY 2027 National, Standardized 30-Day Period Payment (Without Temporary Adjustment)	Temporary Adjustment Factor	CY 2027 National, Standardized 30-Day Period Payment (With Temporary Adjustment)
$2,101.26	1.0047	1.0009	1.0210	$2,157.41	0.9700	$2,092.69

TABLE 2: FINAL CY 2027 NATIONAL, STANDARDIZED 30-DAY PERIOD PAYMENT AMOUNT FOR HHAS THAT DO NOT SUBMIT THE QUALITY DATA

CY 2026 National Standardized 30-Day Period Payment Without Temporary Adjustment	CY 2027 Case-Mix Weights Recalibration Neutrality Factor	CY 2027 Wage Index Budget Neutrality Factor	CY 2027 HH Payment Update Factor Minus 2 Percentage Points	CY 2027 National, Standardized 30-Day Period Payment (Without Temporary Adjustment)	Temporary Adjustment Factor	CY 2027 National, Standardized 30-Day Period Payment (With Temporary Adjustment)
$2,101.26	1.0047	1.0009	1.0010	$2,115.15	0.9700	$2,051.70

TABLE 3: FINAL CY 2027 NATIONAL PER-VISIT PAYMENT AMOUNTS

HH Discipline	CY 2026 Per-Visit Payment Amount	CY 2027 Wage Index Budget Neutrality Factor	CY 2027 HH Payment Update Factor	CY 2027 Per-Visit Payment Amount
Home Health Aide	$80.12	0.9999	1.0210	$81.79
Medical Social Services	$283.64	0.9999	1.0210	$289.57
Occupational Therapy	$194.74	0.9999	1.0210	$198.81
Physical Therapy	$193.42	0.9999	1.0210	$197.46
Skilled Nursing	$176.96	0.9999	1.0210	$180.66
Speech-Language Pathology	$210.25	0.9999	1.0210	$214.64

TABLE 4: FINAL CY 2027 NATIONAL PER-VISIT PAYMENT AMOUNTS FOR HHAS THAT DO NOT SUBMIT THE REQUIRED QUALITY DATA

HH Discipline	CY 2026 Per-Visit Payment Amount	CY 2027 Wage Index Budget Neutrality Factor	CY 2027 HH Payment Update Factor Minus 2 Percentage Points	CY 2027 Per-Visit Payment Amount
Home Health Aide	$80.12	0.9999	1.0010	$80.19
Medical Social Services	$283.64	0.9999	1.0010	$283.90
Occupational Therapy	$194.74	0.9999	1.0010	$194.92
Physical Therapy	$193.42	0.9999	1.0010	$193.59
Skilled Nursing	$176.96	0.9999	1.0010	$177.12
Speech-Language Pathology	$210.25	0.9999	1.0010	$210.44

TABLE 5: CY 2027 COST-PER-UNIT PAYMENT RATES FOR THE CALCULATION OF OUTLIER PAYMENTS

HH Discipline	Average Minutes Per-Visit	CY 2027 Per-Visit Payment Amount	Cost-per-unit (1 unit= 15 minutes)	CY 2027 Per-Visit Payment Amount	Cost-per-unit (1 unit= 15 minutes)
Home Health Aide	63	$81.79	19.47	$80.19	19.09
Medical Social Services	56.5	$289.57	76.88	$283.90	75.37
Occupational Therapy	47.1	$198.81	63.32	$194.92	62.08
Physical Therapy	46.6	$197.46	63.56	$193.59	62.31
Skilled Nursing	44.8	$180.66	60.49	$177.12	59.3
Speech- Language Pathology	48.1	$214.64	66.94	$210.44	65.63

TABLE 6: LIST OF COUNTIES THAT MUST USE 50XXX CODES FOR CY 2026 DUE TO THE 5-PERCENT CAP ON WAGE INDEX DECREASES

FIPS Code	County Name	CY 2024 CBSA	CY 2024 CBSA Name	CY 2027 Transition Code	CY 2027 Transition Name
13171	LAMAR	12060	Atlanta-Sandy Springs-Alpharetta, GA	50004	GEORGIA
16077	POWER	38540	Pocatello, ID	50006	IDAHO
42103	PIKE	35084	Newark, NJ-PA	50023	PENNSYLVANIA
51113	MADISON	47894	Washington-Arlington-Alexandria, DC-VA-MD-WV	50024	VIRGINIA
72001	ADJUNTAS	38660	Ponce, PR	50028	PUERTO RICO
72023	CABO ROJO	41900	San Germ n, PR	50029	Mayagüez, PR
72079	LAJAS	41900	San Germán, PR	50029	Mayagüez, PR
72121	SABANA GRANDE	41900	San Germán, PR	50029	Mayagüez, PR

72125	SAN GERMAN	41900	San Germán, PR	50029	Mayagüez, PR
72055	GUANICA	49500	Yauco, PR	50030	PUERTO RICO
72081	LARES	10380	Aguadilla-Isabela, PR	50032	PUERTO RICO
72141	UTUADO	10380	Aguadilla-Isabela, PR	50032	PUERTO RICO
72083	LAS MARIAS	32420	Mayagüez, PR	50033	PUERTO RICO

TABLE 7: LUPA ADD-ON FACTORS

Discipline	LUPA Add-on Factors
Skilled Nursing	1.7200
Physical Therapy	1.6225
Speech-Language Pathology	1.6696
Occupational Therapy	1.7238

Table 8: CY 2027 Disposable Negative Pressure Wound Therapy Rate (dNPWT)

CY 2026 dNPWT Payment Rate	CY 2027 dNPWT Payment Update (12 month CPI-U ending in June 2026 (3.5%) minus Multifactor Productivity Adjustment (1.0)	CY 2027 dNPWT Payment Rate
$282.10	1.0250	$289.15