

August 28, 2025

Dr. Mehmet Oz
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-1828-P
P.O. Box 8013
Baltimore, MD 21244-8013

RE: CY 2026 Home Health Prospective Payment System (HH PPS) Rate Update; Requirements for the HH Quality Reporting Program and the HH Value-Based Purchasing Expanded Model; Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program Updates; DMEPOS Accreditation Requirements; and Other Medicare and Medicaid Policies

Dear Doctor Oz,

On behalf of our more than 460 member hospitals and health systems, including rural, urban, children's, teaching and specialty hospitals, the Texas Hospital Association (THA) appreciates the opportunity to comment on the Centers for Medicare & Medicaid Services' (CMS) proposed changes to the Home Health Prospective Payment System (HH PPS).

THA has long urged CMS to adopt policies that maintained or expanded access to needed care in rural areas. In many areas of our state, hospitals are not only the primary source of ambulatory care, but provide non-acute services in home health, skilled nursing and other types of care. Indeed, roughly 30 Texas hospitals – all outside large metropolitan areas – are paid under the HH PPS. Unfortunately, the proposed permanent behavior assumption adjustment and temporary adjustment will likely reduce the availability of services in rural areas. CMS' own reports indicate that a notable proportion of hospitals and home health agencies are already operating with negative margins and that the number of providers doing so will continue to grow.¹ Together, these adjustments not only surpass the increase from the market basket update, but result in an estimated net reduction in payments of roughly 5% for Texas hospitals' home health agencies. Against a backdrop of declining numbers of home health agencies in the state – 39% fewer since 2018 – THA is concerned that these reductions may, at best, threaten the viability of hospitals' home health

¹ <https://www.cms.gov/files/document/simulations-affordable-care-act-medicare-payment-update-provisions-part-provider-financial-margins.pdf-0>

programs and, at worst, add to the increasing threat on the financial viability of our member hospitals.

Additionally, THA members are concerned with the availability of post-acute care and the ability to discharge patients in a timely manner to the most appropriate setting. As the proposed reductions threaten the viability of a shrinking home health industry, THA is concerned about the potential impacts on patient outcomes and the additional costs that hospitals must bear if they cannot safely discharge a patient to post-acute care. Indeed, roughly a third of patients referred for home health services already do not subsequently receive services. Longer patient stays, more expensive post-acute settings, subsequent emergency department visits, and potential readmissions harm patients, hospitals and the federal taxpayer.

As always, THA is grateful to CMS for the ability to provide input on important issues of health care service delivery and payment. We are aligned with CMS and the Trump administration in the desire to root out actual fraud, waste and abuse in the health care system without compromising patient safety and access. As noted above, the proposed reductions are expected to negatively impact Texans, especially in rural areas where our providers already struggle. We look forward to discussing these issues further and are available to provide additional information and answer any questions.

Thank you,

Matt Turner
Senior Director, Health Care Policy
Texas Hospital Association