

United States Senate

WASHINGTON, DC 20510

June 24, 2025

The Honorable Mehmet Oz, M.D.
Administrator
Centers for Medicare and Medicaid Services (CMS)
U.S. Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Dr. Oz:

We write to express our strong concern that Medicare's home health agency (HHA) benefit, which gives qualifying seniors the dignity and convenience of receiving skilled care in their homes at far less taxpayer expense than an institutional stay, faces grave circumstances that will dramatically curtail, or cut off entirely, access to this critical cost saving benefit.

As you know, the Bipartisan Budget Act (BBA) of 2018 called on CMS to create a new payment model for HHAs beginning in January 2020. Congress required the new payment model to be budget neutral and the Congressional Budget Office said the shift in payment models would not result in any change to program spending. Upon enactment, the policy itself was indeed determined to be budget neutral. CMS, through the standard notice and comment rulemaking process, developed the Patient-Driven Groupings Model (PDGM) and began the new model in January 2020. After multiple years of CMS' implementation, however, the outcome has proven dramatically different. In fact, in its 2019 projections for home health spending, CBO estimated 2023 expenditures would be \$23B. However, in the CY 2025 Home Health Final Rule, CMS says total aggregate expenditures for home health in 2023 was approximately \$16.3B.

In implementing the new payment model over the 2020-2025 period, CMS did not apply budget neutrality to the new system but instead imposed sweeping across-the-board rate reductions on HHAs that Congress never called for nor intended. CMS applied these cuts year-over-year and subsequently led nurses, therapists, home health aides, caregivers and seniors who rely on home health services to face delays in starts of care, fewer in-home visits, and diminishments in benefits. Each of these scenarios were made worse by CMS' own unwillingness to rectify misjudgments about rapidly escalating clinical labor costs, which have increased by 9 percent since passage of the BBA of 2018.

We are troubled that, to date, the cumulative effect of these cuts sums to \$25 billion over the budget window. CMS has previously indicated its intent to continue making cuts, including in the forthcoming CY 2026 Proposed Rule for HHAs that further adds to that total, and further

erodes access to the benefit. Our offices are aware that HHAs in our communities have closed or reduced their service areas in response to these cuts, leaving seniors without a critical lifeline that keeps them away from costly institutional care.

Accordingly, we request that you use the full authority under the law and pause any planned payment cuts in the CY 2026 Proposed Rule for HHAs and allow clinician experts, seniors and their families, and CMS to discuss system improvements that sustain care, improve quality, and contain health care cost growth. We believe that doing so is essential to preserving this vital benefit and ensuring seniors can continue to receive care where they want to be most—at home.

We look forward to working with you and your leadership team to advance and promote healthy living, quality improvement and cost-effective alternatives to expensive institutional services for seniors and taxpayers. Please kindly provide a response before July 7, 2025.

Sincerely,



Marsha Blackburn
United States Senator



Susan Collins
United States Senator