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# HOSPICE NEWS NETWORK

## SPOTLIGHT

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A Service of State Hospice Organizations

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### MEDPAC APPROVES PAYMENT RECOMMENDATIONS TO CONGRESS, INCLUDING A RECOMMENDED FREEZE OF HOPICE RATE AND 7% CUT TO HOME CARE PAYMENTS FOR 2027

In the January 15-16, 2026 meeting of the Medicare Payment Advisory Commission (MedPAC), the independent federal advisory body that reviews and makes recommendations on Medicare payment policy, issued a series of proposals it plans to include in its March 2026 report to Congress for payments in 2027. These recommendations span a wide range of Medicare providers, and reflect MedPAC's ongoing concern with payment adequacy, program sustainability, and evolving cost pressures.

MedPAC's core rationale in advising payment changes rests on its assessment of payment adequacy across services. The Commission regularly reviews data on beneficiary access, quality of care, provider margins, and access to capital. **In the case of hospice services, these indicators have suggested to MedPAC that current Medicare payments are broadly adequate.** For example, recent data show stable or positive margins for hospice providers, continued access to care, a growing number of hospice organizations, and generally good quality measures. Such findings inform MedPAC's view that maintaining current payment levels—or slowing growth—could be appropriate in the context of broader fiscal pressures on Medicare.

**MedPAC voted to eliminate payment updates for hospice care in fiscal year 2027, meaning that hospices would not receive any increase in their base Medicare rates.** If Congress were to adopt MedPAC's advice, this policy would reduce Medicare hospice spending by an estimated \$250 million to \$750 million in one year and up to \$5 billion over five years.

The recommendations brought swift feedback from numerous provider groups. The hospice recommendation, for example, stands in stark contrast to trends in provider costs. Industry advocates argue that the cost environment for hospice remains labor-intensive and inflationary. services all contribute to financial strain, they contend.

**According to the National Alliance for Care at Home, eliminating the payment update overlooks the real-world cost drivers such as workforce shortages, wage pressures, and the rising demand for end-of-life and risks.** The move to freeze reimbursement, says the Alliance,

erodes financial sustainability for hospice providers—potentially threatening patients’ access to this critical benefit. The Alliance emphasized that both home health and hospice serve vulnerable populations and that payment cuts could undermine care where it is most needed.

The hospice recommendations are part of a broader pattern in MedPAC’s payment advice. For 2027, the commission has also backed significant cuts to home health payment rates by 7 % percent, as well as reductions for skilled nursing facilities and inpatient rehabilitation facilities. Some provider groups, including major hospital associations, have pushed back on these cuts, warning they could compromise care delivery and access.

Medical professional organizations such as the American Medical Association have also weighed in, expressing disappointment that MedPAC’s overall approach does not go far enough in addressing broader Medicare payment challenges, particularly for physician services. While MedPAC proposed modest increases in physician payment rates, the AMA argues that these are insufficient to counteract years of payment erosion once inflation and practice cost increases are factored in.

**MedPAC’s recommendations are just advisory.** Congress is not obligated to adopt them, and stakeholders on all sides are now ramping up advocacy efforts to influence the legislative process. For hospice advocates, the key argument will center on preserving access and ensuring that payment adjustments keep pace with the realities of care delivery at life’s end. How lawmakers ultimately weigh MedPAC’s fiscal arguments against provider sustainability and patient access concerns will be closely watched as Congress considers Medicare policy in the coming months. (MedPAC, <https://www.medpac.gov/wp-content/uploads/2025/08/Tab-E-I-SNF-HHA-IRF-Dialysis-Hospice-payment-adequacy-January-2026.pdf>; National Alliance for Care at Home, 1/15, <https://allianceforcareathome.org/alliance-responds-to-medpac-vote-on-home-health-and-hospice-payment-recommendations/>; *Home Healthcare News*, 1/15, <https://homehealthcarenews.com/2026/01/medpac-votes-to-reduce-medicare-home-health-payment-rate-by-7/>; *Becker’s Hospital Review*, 1/15, <https://homehealthcarenews.com/2026/01/medpac-votes-to-reduce-medicare-home-health-payment-rate-by-7/>; American Medical Association, 1/15, <https://www.ama-assn.org/press-center/ama-press-releases/yet-again-medpac-acknowledges-need-strengthen-medicare-payments>; *Hospice News*, 1/16, <https://hospicenews.com/2026/01/16/medpac-calls-for-halt-on-hospice-rate-increases-not-keeping-pace-for-sustainable-future/>)

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