

CMS-1844-P, Home Health Fraud, and the Founder Opportunity: How Retroactive Revocations and Geographic Saturation Rules Turn Medicare Program Integrity Into a Buildable Market

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CMS-1844-P, Home Health Fraud, and the Founder Opportunity: How Retroactive Revocations and Geographic Saturation Rules Turn Medicare Program Integrity Into a Buildable Market

CMS quietly dropped a rule on July 1 that changes the math on Medicare fraud enforcement. It is dressed as a home health payment update. It is not...

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Abstract

- On July 1, 2026, CMS issued the CY 2027 Home Health PPS proposed rule (1844-P), and buried inside a routine payment update is a set of provider enrollment changes that apply across every Medicare provider and supplier not just home health.
- Headline integrity moves: make all revocation grounds retroactive to the date noncompliance began, add a geographic saturation revocation trigger, expand license and program suspension logic to owners and managing employees, and add misdemeanor sexual assault or financial misconduct in the past 10 years as a denial ground. CMS pegs the savings at roughly 82 million dollars a year.
- Payment side: 2.1 percent update (about 370 million), a proposed temporary adjustment of negative 3.0 percent to keep recouping PDGM overpayments from 2020 through 2025, net aggregate increase of about 2.4 percent or 420 million versus CY 2026. OASIS submission window compresses from 45 days to 30 days.
- Context that makes this matter: the 2025 national takedown hit 324 defendants and 14.6 billion in intended loss, Operation Gold Rush alone was 10.6 billion in stolen identities, catheter and DME claims off stolen identities, and home health improper payments ran 59 percent in 2015 before settling near 7.7 percent (about 1.2 billion) by 2023.
- Thesis: the rule converts enforcement posture into recurring, buildable demand. Screening, monitoring, ownership-graph, and audit-response tooling all get regulatory tailwinds. This piece maps where a founder or an early-stage checker actually underwrite something.

What CMS actually dropped on July 1

The document is dressed up as a payment rule and it mostly reads like one, full of case-mix recalibration and fixed dollar loss ratios that only a reimbursement analyst could love. But the interesting part is not the money. It is the enrollment section CMS quietly parked inside a home health vehicle even though, by its own admission, the enrollment provisions apply to any provider or supplier participating in Medicare. The provider enrollment provisions would apply across Medicare provider and supplier types, which is a polite way of saying the agency used the home health rule as a delivery truck for a much broader program integrity payload.

Why home health as the vehicle. Because home health, hospice, and durable medical equipment are the three categories where CMS has been getting torched for years where the ownership churn, the storefront enrollments, and the phantom visits concentrate. So the agency wrapped a general enrollment crackdown in the rule that governs the segment most associated with the abuse. Politically tidy. Operational means the screening and monitoring burden lands hardest exactly where the enrollment turnover is highest, which is precisely the condition under which a software vendor gets to sell a lot of seats.

On the payment mechanics, so the reimbursement people do not send angry notes, CMS proposed a 2.1 percent home health update worth about 370 million, offset and adjusted such that Medicare payments to home health agencies in CY 2027 would increase in aggregate by about 2.4 percent, or 420 million, compared to CY 2026. That number is almost a decoy. Sitting underneath it is a proposed temporary adjustment of negative 3.0 percent to the national standardized payment rate to keep clawing back the retrospective overpayments from calendar years 2020 through 2025 tied to the behavioral assumptions baked into the shift to the Patient-Driven Groupings Model and the 30 day episode. Translation: the top line goes up a little, the base rate keeps getting shaved, and the segment stays under financial pressure even as CMS talks about access. Pressure plus turnover plus scrutiny is the exact soil startups grow in.





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