



April 6, 2023

Dear Chair Lyons and Members of the Senate Health and Welfare Committee,

The Vermont Health Care Association (VHCA) represents long-term care facilities across the state including nursing homes, residential care homes and assisted living residences. Our members provide critical services to our most frail, complex-needs Vermonters within the continuum of long-term care. The pandemic, rising inflation, and ongoing workforce challenges have dramatically increased the cost of providing these residential services and present barriers for other health care providers, such as hospitals, seeking to place their patients in the most appropriate care setting.

I am writing in support of the following components of H.494, the FY'24 budget:

1. Medicaid statutory inflation and rebase for nursing homes (contained in Governor's recommend and the budget as passed the House).
2. Increase of 4% for Enhanced Residential Care (ERC) Medicaid rates (contained in the budget as passed the House).
3. Full implementation of the DVHA/DAIL rate study for Medicaid Assistive Community Care Services (ACCS) rates, 79% (contained in the budget as passed the House).
4. Nursing Home Rate Setting Report in Sec. E.344.1.
5. Increase of 10% in the personal needs allowance for nursing home residents.

VHCA believes that fully funding the ACCS rate study will have the broadest stabilizing impact for residential care homes and assisted living residences. An increase of 4% in ERC is a first step in implementing the rate study, we hope to make additional progress next year.

Finally, the report contained in Sec. E.344.1 will evaluate the impact of the current occupancy penalty on nursing home stability. A [2018 report](#) by the Department of Disabilities, Aging and Independent Living and the Division of Rate Setting recommended updating the occupancy minimum, set at 90% in 1990, to reflect better reflect the current landscape of long-term care. Today, the more common practice is an 80% occupancy average, reserving space for higher complexity and short-term stay residents, while those with lower medical complexity are served in other care settings. The 2018 report recommended reviewing the details of making this change, but no progress had been made by 2020, when the pandemic significantly disrupted occupancy levels and emergency funding became critical to nursing home survival. Occupancy levels have rebounded and, as in 2018, work force availability is a greater capacity constraint than available licensed beds. We believe it is now time to address this issue.

Thank you for considering our recommendations.

Helen Labun
Executive Director, Vermont Health Care Association