



# VERMONT LEGISLATIVE Joint Fiscal Office

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## Issue Brief

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## A Brief History of the Home Health Provider Tax

### Background

Federal law allows states to use revenues from health care provider taxes to fund the State's share of Medicaid spending.<sup>1</sup> Six classes of health care providers are taxed in Vermont. Revenues from all health care provider taxes go to the General Fund.<sup>2</sup> The Home Health Agency Provider Tax is an assessment on 4.25% of an agency's net patient revenue from services provided in Vermont.<sup>3</sup> Act 73 of 2017 initially repealed the Home Health Provider Tax effective July 1, 2019, however the date of the repeal has since been postponed twice through further legislation.<sup>4</sup> The Home Health Provider Tax is currently scheduled to sunset on July 1, 2023. Sunsets are sometimes extended, but not repealed, to encourage future legislatures to revisit a topic.

*The Home Health Agency Assessment is one of six health care provider taxes in Vermont.*

### Vermont Provider Taxes

Class of Provider	Rate (% of net patient Revenue)	FY'22 Actual (x million)	FY'23 Forecast (x million)
Hospitals	6%	\$161.53	\$184.18
Nursing Homes	\$4,919.53 per bed <sup>1</sup>	\$14.66	14.66
Home Health	4.25%	\$5.79	\$6.15
Intermediate Care Facilities <sup>2</sup>	5.9%	-----	-----
Pharmacy	\$0.10/script	\$0.86	\$0.80
Ambulance	3.3%	\$0.99	\$1.10
<b>TOTAL PROVIDER TAX REVENUE</b>		<b>\$183.83</b>	<b>\$206.89</b>

<sup>1</sup> Rate intended to equal roughly 6% of net patient revenues.

<sup>2</sup> The Last facility (Westview Court) closed October 2020.

### History

#### Prior to 2016

- The assessment rate was 19.3% of net operating revenues from core home health services.<sup>5</sup>
- This equaled between 3.63 and 3.9% of net patient revenues.
  - Provider taxes are capped at 6% of net patient revenue.

## Act 134 of 2016

- Act 134 changed the methodology from percentage of net operating revenues from core home health services to percentage of net patient revenues for two years (FY 2017 and 2018).<sup>6</sup>
- The rate was set at 3.63% of net patient revenues.
- Act 134 also required the Department of Vermont Health Access (DVHA) to convene a working group to determine whether the home health agency assessment represented “the most appropriate and equitable model for the assessment, or whether additional changes to the methodology are needed.”<sup>7</sup> The working group met and came up with a proposal which was incorporated into Act 73 of 2017 (Misc. Tax Bill).

## Act 73 of 2017 (Misc. Tax Bill)

- Act 73 changed the definition of “core home health and hospice services” based on recommendations from the working group which included the VNAs of Vermont and Bayada Nursing Services.<sup>8</sup>
- The assessment rate was changed to 4.25% of net patient revenues from home health services.
- Act 73 set a sunset date for the home health agency provider tax, effective July 1, 2019.

## Act 71 of 2019 (Revenue Bill)

- Act 71 changed the sunset date from July 1, 2019, to July 1, 2021.<sup>9</sup>

## Act 73 of 2021 (Misc. Tax Bill)

- Act 73 changed the sunset date from July 1, 2021, to July 1, 2023.<sup>10</sup>

## Revenues

Home Health Provider Tax Revenues, FY 2018 - Present (x million)

ACTUAL					PROJECTED
FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
\$4.70	\$4.80	\$5.58	\$5.81	\$5.79	\$6.15

Note: The Governor has proposed letting the Home Health Provider Tax sunset on July 1, 2023. As such, there are no projected revenues from this tax for FY 2024.

<sup>1</sup> States and the federal government share in the financing of the Medicaid program.

<sup>2</sup> Prior to 2019, all provider tax revenues were deposited into the State Health Care Resources Fund. [Act 6 of 2019, Sec. 64](#) – the 2019 Budget Adjustment Act – reallocated these revenues to the General Fund.

<sup>3</sup> [33 V.S.A. § 1955a](#)

<sup>4</sup> [Act 71 of 2019](#) and [Act 73 of 2021](#)

<sup>5</sup> Prior to 2016 revenues from Medicare were specifically excluded from the home health provider tax.

<sup>6</sup> [Act 134 of 2016, Sec. 32](#)

<sup>7</sup> [Act 134 of 2016, Sec. 33](#)

<sup>8</sup> [Act 73 of 2017, Sec. 18](#)

<sup>9</sup> [Act 71 of 2019, Sec. 18d](#)

<sup>10</sup> [Act 73 of 2021, Sec. 18d](#)