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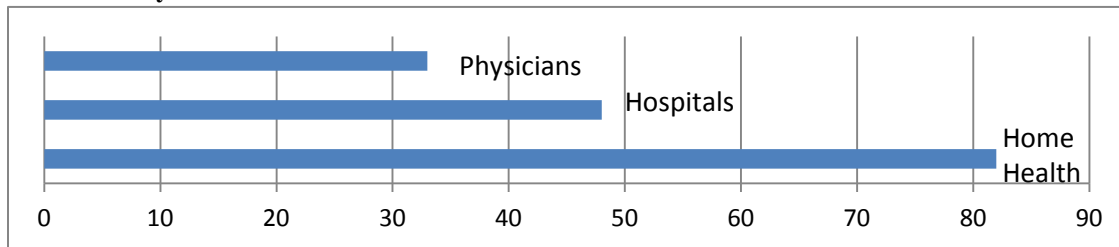
137 Elm Street Montpelier, VT 05602 vnavt@comcast.net

<p>VNAs of Vermont Members</p> <p>Addison County Home Health & Hospice</p> <p>Caledonia Home Health & Hospice</p> <p>Central Vermont Home Health & Hospice</p> <p>Franklin County Home Health Agency</p> <p>Lamoille Home Health & Hospice</p> <p>Manchester Health Services</p> <p>Orleans/Essex VNA & Hospice</p> <p>VNA and Hospice of the Southwest Region</p> <p>VNA of Chittenden & Grand Isle Counties</p> <p>VNH for Vermont & New Hampshire</p>	<p>February 24, 2015</p> <p>Rep. Mitzi Johnson, Chairwoman, House Appropriations Committee Members of the Committee</p> <p>Dear Representative Johnson and Members of the Committee:</p> <p>The members of the VNAs of Vermont urge you to fund the \$1.25 million increase for FY 2016 that is included in the Governor’s recommended budget. For home care agencies, state payments are so far below costs that without significant payment increases, Vermont’s home health agencies may not be able to serve everyone in need.</p> <p><i>“Invest in home health payments by \$1.25 million in FY16 (\$2.5M annually) and work with home health organizations to move to a value based purchasing model and strengthen our delivery system reform efforts.”</i></p> <p>Medicaid Payments - State payments for home care services do not cover costs. Losses have increased steadily over the past decade. Several agencies are at a breaking point where they can no longer sustain these losses.</p> <p>In FY 2013, VNAVt member agencies lost \$7.4 million providing Medicaid home care and hospice service and other state program. Some of these losses are often made up by community donations, which are not sustainable, especially given the current economy.</p> <table border="1"> <thead> <tr> <th>VNAVt Medicaid Revenues State FY 2013</th> <th>Cost for Service</th> <th>Difference</th> <th>Percent Loss/Gain</th> </tr> </thead> <tbody> <tr> <td>\$28,036,755</td> <td>\$35,455,341</td> <td>\$7,418,586</td> <td>-26.5%</td> </tr> </tbody> </table> <p>Rates and Taxes - For the past 10 years, Medicaid rate increases for home health services have not matched inflation, not even close. At the same time, the Medicaid taxes paid by the home care agencies have increased dramatically. It is now the third largest expense for most agencies.</p>	VNAVt Medicaid Revenues State FY 2013	Cost for Service	Difference	Percent Loss/Gain	\$28,036,755	\$35,455,341	\$7,418,586	-26.5%
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Cost Shift - Over 80% of home care revenues are from public funds (Medicaid/Medicare). Home care agencies do not have the ability to cost shift to private payers.

Percent of Payments from Public Sources



Cost Pressures - Every year all the bills go up. The electric bill is higher than last year, the phone bill is higher, wages and benefits are higher, the heating bill is higher and transportation costs are higher.

What is at stake? Home care agencies cannot continue to subsidize state payments at the current levels. Unless the state funding gap is closed, home health agencies will be forced to make difficult decisions regarding state programs. Vermont needs viable home health agencies operating at their highest levels of performance.

Should you have any questions, please let me know or call the agency director of the agency in your district (see below).

Peter Cobb | Executive Director
VNAs of Vermont - Your Nonprofit Home Health & Hospice Agencies
137 Elm Street | Montpelier, VT 05602
802-229-0579 | vnavt@comcast.net



Agency Directors

- **Addison County Home Health** - Larry Goetschius - tel. 802-388-7259 - lgoetschius@achhh.org
- **Caledonia Home Health** - Treeny Burgess - tel. 802-748-8116 - treenyB@nchevt.org
- **Central Vermont Home Health & Hospice** - Sandy Rousse - tel. 802-223-1878 - SRousse@cvhhh.org
- **Franklin County Home Health Agency** - Janet McCarthy - tel. 802-527-7531 - jmccarthy@fchha.org
- **Lamoille Home Health & Hospice** - Kathy Demars - tel. 802-888-4651 - Kdemars@lhha.org
- **Manchester Health Services** - Barbara Keough - tel. 802-362-2126 - mhs.inc@sover.net
- **Orleans, Essex Home Health & Hospice** - Lyne Limoges tel. 802-334-5213 - llimoges@oevna.org
- **VNA of Chittenden, Grand Isle Counties** - Judy Peterson - tel. 802-658-1900 - Peterson@vnacares.org
- **VNAH for Vermont and New Hampshire** - Jeanne McLaughlin tel. 603-298-8399 - jmclaughlin@vnhcare.org
- **VNA and Hospice of the Southwest Region** - Ron Cioffi - tel. 802-775-0568 - rcioffi@ravnah.org