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Rep. Janet Ancel, Chair, Members of the House Ways and Means Committee

The members of the VNAs of Vermont greatly appreciate the support for home health and hospice that is in H. 481 and urge House Ways and Means Committee members to support the following section of the bill.

Sec. 5. RATE INCREASES FOR OTHER MEDICAID PROVIDERS

(b) The sum of \$1,250,000.00 in Global Commitment funds is appropriated to the Department of Vermont Health Access in fiscal year 2016 for the purpose of increasing reimbursement rates to home health agencies, as defined in 8 V.S.A. § 4095, beginning on January 1, 2016 for services provided to Medicaid beneficiaries, including participants in the Choices for Care program. Beginning on January 1, 2016, the Department shall also modify reimbursement methodologies and amounts to home health agencies to provide prospective payments and to include a quality component.

Summary

- Appropriates \$1.25 million (gross state and federal dollars) to increase reimbursement rates to home health agencies beginning Jan. 1, 2016.
- Directs DVHA to provide prospective payments (PPS) to home health agencies and add a quality component. Current payment is based on fee-for-services. PPS payments would be paid on an episodic rate similar to Medicare payments which are based on 60-day episodes. The Department of Vermont Health Access supports this change.

Rationale

- Home health cannot cost shift to make up for low Medicaid rates that do not cover home health agency costs.
- Home health care is critical to bending the curve in overall health care system costs because we reduce the use of hospitals and nursing homes, which are typically more expensive.
- Home health has been asking for years to allow a PPS payment system for Medicaid that we now use for Medicare and get away from fee-for-service in Medicaid. The \$1.25 million increase for six months (\$2.5 million annualized) in H.481 will help the home health agencies achieve that goal.

Taxes/Revenues

The VNAs of Vermont board of directors understands the difficult financial situation that you are dealing with and supports raising revenue to reduce underpayments by Medicaid but has not taken a specific position on any of the taxes in H.481.

Incorrect Reference

In Sec. 5(b) the definition of home health agency, 8 VSA Sec. 4095, refers only to nonprofit home health agencies. The correct statutory reference that includes all home health agencies that receive Medicaid reimbursement in Vermont, including all nonprofit home health agencies and one for-profit home health agency, is 33 VSA Sec. 1951.

Should you have any questions, please let me know.

Peter Cobb, VNAs of Vermont Director