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## **Impact of Proposed Tax Change**

### **Background:**

Current provider tax based on Net Operating Income from Core Services. The formula excludes specific programs that serve Vermont's most vulnerable citizens including people at the end of life and children with highly complex medical needs. Moving to a provider tax based on Net Patient Revenues would tax these programs.

### **Current Bayada Tax Rate:**

High percentage of Bayada services is not taxable under the present formula (mainly Hospice and Medicare); Bayada has invested heavily in these areas to meet needs statewide.

### **Changing to a Tax Based on Net Patient Revenues Impact on Clients:**

- Medicaid including Medicaid Pediatric and Adult Hi Tech are already underfunded.
  - A Net tax effectively reduces reimbursement in these programs
  - Difficult to hire staff because of already low reimbursement rates, Home Health is already challenged to compete with facility based pay rates
- VT remains one of the worst states for Hospice access and usage.
  - Hospice is expensive to establish and needs investment not taxation
- Taxing net revenues removes the ability to generate offsetting revenues to be generated to support those underfunded programs.
- Reduces access by slowing growth at a time when Vermont is aging rapidly.
- Disproportional tax shift, Bayada cannot offset tax increase via town or charitable monies
- In the summer tax study, the VNA's of Vermont in a majority decision decided to support the current methodology

### **Ask:**

- Keep the formula as is to support patient access to a strong health care service.
- Reduce the cap on the provider tax to provide relief to providers and stimulate investment. Bayada gains nothing from a cap reduction but it helps out the VNA's with higher tax bills and therefore strengthens access.

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