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TO: Sen. Ginny Lyons, Vice-Chair, Senate Health and Welfare Committee & Members of the Senate Health and Welfare Committee
CC: Robin Lunge, Kara Suter
FROM: Peter Cobb, Director, VNAs of Vermont
DATE: Tuesday, March 17, 2015

SUBJECT: S.139, Proposed Home Health Agency Amendments to Secs. 5 & 8

Dear Senator Lyons and Members of the Committee:

On behalf of the members of the VNAs of Vermont, thank you for your support for our efforts to switch Medicaid payments from fee-for-services to prospective payments. We believe this will benefit both the State and the agencies. Below are the PPS wording changes to Sec. 5 of S.139 that are requested by the members of the VNAs of Vermont. The changes:

1. Add an annual inflation adjustment.
2. Add a section that would base the payment determinations on the agencies' cost reports.
3. Add gains and losses risk corridors of 3 percent.
4. Add a section that would require home care representatives and the Department of Disabilities, Aging and Independent Living to study an alternate payment method for the Choices for Care program, which is not included in the PPS system that DVHA is directed to develop in Sec. 5.

Wording changes requested by VNAVt (additions, ~~subtractions~~) are as follows:

Sec. 5. §1901h PROSPECTIVE PAYMENT; HOME HEALTH SERVICES

* * *

(b) The Department shall develop the prospective payment methodology, based on the most recent costs reflected in the Medicare cost reports, in collaboration with representatives of home health agencies. ~~If practicable,~~ ¶The Department shall:

(1) establish risk corridors of three percent, such that if a home health agency's profit for Medicaid PPS programs exceed three percent, the excess shall be paid to the Agency of Human Services or placed in a flexible fund for new or non-covered services, while if a home health agency's Medicaid PPS losses exceed three percent, the Agency of Human Services shall pay the difference to the home health agency; and

(2) provide an annual inflation adjustment.

(3) If practicable, the Department:

(1) shall align the methodology with Medicare to reduce the administrative burden on the agencies;

(2) may include a quality payment in the methodology.

(c)The VNAs of VT and the Department of Disabilities, Aging and Independent Living (DDAIL) shall develop a prospective payment methodology or other payment reform methodology for the services paid for by DDAIL under the Choices for Care program. The VNAs of Vermont and DDAIL shall report their recommendations along with proposed payment reform legislation by November 15, 2015, to the House Health Care Committee and the Senate Health and Welfare Committee.

Also, there is an incorrect reference the VNAs of Vermont in Sec. 8 of the, LONG-TERM CARE EVALUATION TASK FORCE. The correction is:

(8) a representative of home health care providers, appointed by the ~~Vermont Association of Home Health Agencies~~ VNAs of Vermont;

Should you have any question, please let me know.

Thank you for considering this request.

Sincerely,
Peter Cobb