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<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>March 12, 2015</p> <p>Sen. Claire Ayer, Chairwoman, Senate Health & Welfare Committee Members of the Committee</p> <p>Dear Senator Ayer and Members of the Committee:</p> <p>The 10 members of VNAs of Vermont (VNAVt) support sections 10-11 of the health care legislation that is being considered by your committee that would mandate that Medicaid change payments for home health services from fee-for-service to a prospective payments system (PPS). We have been working with the State to change from fee-for-service to prospective payment for many years.</p> <p>Prospective Payments - Payments would be made on a per-patient basis rather than fee-for-service. Medicare pays home health agencies on a prospective payment system. The Medicare payments are based on services provided over an “episode of care” that lasts 60 days.</p> <p>Why Change?</p> <ul style="list-style-type: none"> • Fee-for-service reimbursements are far below costs. In FY 2013, VNAVt member agencies lost \$7.4 million providing Medicaid services for all programs. Over the past decade most home care agencies have covered state losses with a combination of contributions, town funds and profits from Medicare. None of these sources is a long term solution. <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;">VNAVt Medicaid Revenues State FY 2013</th> <th style="width: 25%;">Cost for Service</th> <th style="width: 25%;">Difference</th> <th style="width: 25%;">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> <ul style="list-style-type: none"> • Fee-for-service reimbursement encourages “more” service rather than better care. 	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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Rates - For the past 10 years, Medicaid rate increases for home health services have not matched inflation. The gap between payments and costs is growing. Based on past experience, fee-for-service payments are unlikely to match costs anytime soon.

Benefit to State:

- Aligns with the State’s philosophy on payment reform.
- Improves management of Medicaid chronic patients through effective disease management.
- Encourages population-based health care management.

Benefit to Agencies:

- Provides the ability to manage patient care without preauthorization requirements and billing denials.
- Eliminates need to restrict services.
- Improves cash flow (provides predictable revenues).

Wording Changes Requested

We ask that the words “hospice care” be removed from Sec. 11, (a) line six, as that program should not be included in this legislation, and that “social work” be added to this section.

“(a) On or before January 1, 2016, the Agency of Human Services shall implement a prospective payment system to replace the fee-for-service system for home health agencies that provide services under Medicaid, including nursing, therapies, social work, licensed nursing assistants, and nutritionist; ~~and hospice care~~ that provide pediatric rehabilitation services,....

And that subsection 5 of Sec. 10 be removed as that is not a correct statement.

~~Home health services reimbursed under the Vermont Medicaid program are currently delivered in a manner that limits the services clients may receive.~~

Limits to PPS

A shift to prospective payments will work only if the new system is based on costs and not on current payments, which are nearly 30% below costs. In addition, the state must commit to providing full inflationary payment increases otherwise access to needed home care programs surely will suffer.



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
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