

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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H. 386 – An act relating to home health agency provider taxes

(A) Previous Home Health Provider Tax Rate Methodology:

- 19.3% of Net Operating Revenues from Core Home Health Services.
- This equaled between 3.63 and 3.9% of net patient revenues (capped at 6% of net patient revenue).

(B) Current Home Health Provider Tax rate Methodology:

- 3.63% of Net Patient Revenues.
- Act 134 of 2016 (Misc. Tax Bill) changed the methodology from percentage of net operating revenues from core home health services to percentage of net patient revenues for two years (FY 2017 and 2018).
- Act 134 also required DVHA to convene a working group to determine whether the home health agency assessment represents “the most appropriate and equitable model for the assessment, or whether additional changes to the methodology are needed.” The home health agencies met and came up with a proposal which is represented under (C) below.

(C) Proposed Home Health Provider Tax:

- 4.17% of net patient revenues from core home health and hospice services.
- This bill proposes to change the definition of “core home health and hospice services” based on recommendations from the VNAs of Vermont and Bayada Nursing Services.
- This bill sunsets the home health agency provider tax on July 1, 2019.
- *It should be noted that the estimates below in (C) are based on unaudited financial data and could change based on the final audited financial statements.*

| Agency | (A) | (B) | (C) |
|---|--------------------------------|--------------------------------------|---|
| | Previous Methodolgy Est. 2017* | Current Rate Methodolgy Est. 2018 ** | Proposed Rate Methodology Est. 2018 *** |
| Addison County Home Health & Hospice | 467,728 | 357,145 | 369,986 |
| Caledonia Home Health Care & Hospice (NCHC) | 260,952 | 217,291 | 240,103 |
| Central Vermont Home Health & Hospice | 357,761 | 385,549 | 419,166 |
| Franklin County Home Health Agency | 494,753 | 299,325 | 297,682 |
| Lamoille Home Health & Hospice | 140,978 | 131,882 | 155,690 |
| Manchester Health Services | 72,692 | 51,383 | 53,191 |
| Orleans, Essex VNA & Hospice | 200,680 | 156,070 | 160,176 |
| Bayada Nursing Services | 447,257 | 849,130 | 925,405 |
| VNA and Hospice of the Southwestern Region | 647,695 | 602,694 | 636,349 |
| Visiting Nurse Association and Hospice of Vermont and New Hampshire | 533,025 | 734,543 | 723,425 |
| Visiting Nurse Association of Chittenden and Grand Isle Counties | 1,164,497 | 1,008,701 | 819,989 |
| Notes: | 4,788,018 | 4,793,713 | 4,801,162 |

* 2017 are estimates from last year and do not include the settlement agreement between Bayada and DVHA.

** Based on DVHA estimates using the most recent data available (2015 audited financial statements).

*** Based on 2016 unaudited financials. Estimates may change once final audited financial statements become available.