

**Summary of Testimony**  
**Senate Committee on Economic Development, Housing and General Affairs**  
**January 26, 2018**

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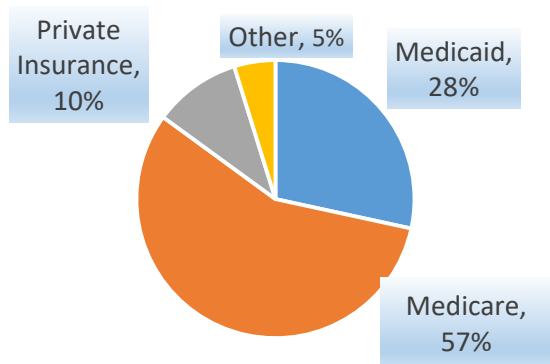
**Brief Overview**

- 9 not-for-profit VNAs of Vermont members
- Members serve all 251 Vermont towns
- Approximately a million visits every year – which take 6 million miles of travel to accomplish
- Home health is highly cost-effective, representing just over 2% of health care spending in Vermont

**Services**

- Universal access to medically necessary **health care at home** (nursing and therapies) and **hospice services**
- **Maternal-child health, high-tech and other special programs**
- **Choices for Care:** Vermont Medicaid program that helps individuals who are eligible for nursing home services remain independent at home; some services for those with less acuity: **personal care, respite care, homemaker services.**

**Sources of Revenue**



- Medicare rates have declined by 14% since 2009. Unexpected expiration of the rural add-on on January 1, 2018 has hit most agencies with an unexpected 2.5% to 3% Medicare cut.
- Home Health Medicaid and Choices for Care rates have increased inconsistently over the same period, well below the rate of inflation.

## Calculation of Impact – Progress and Comments

### Process to Date

Surveyed all 9 members – collected hours worked by wage in CY17 for Choices for Care and clerical staff from \$10.50 to \$15.00, in 25 cent increments.

Developed a spreadsheet that calculates the nominal impact of wages from 10.75 per hour to 15.00 per hour, in 25 cent increments.

- Salary (based on 2017 hours worked and 2018 wages)
- FICA
- Workers compensation (as a percent of salary)
- Provider tax – home health agencies are assessed a tax of 4.25% of revenue for the impacted Choices for Care services; therefore, it takes additional dollars to generate the needed net revenue

### Further Refinements Needed:

- Translating the data into inflation-adjusted paths for \$15 in 2022, 2023, 2024 using inflation factors provided by JFO, comparing to the increases that will occur under current law
- Need to consider the impact on individual agencies – the “mix” of codes will have a different impact on every agency – aggregate calculations don’t work with the realities of the payment system
- Collect data from home health and hospice programs
- Wage compression calculation – largely a manual task

### Primary Concerns

- Medicaid rates rise much more slowly than inflation. Some years they don’t rise at all. Medicare rates are going down.
- Aggregate impact vs. individual agency impact