



Testimony of Jill Mazza Olson, Executive Director
Advocates Hearing - Human Services
February 19, 2020

VNAs of Vermont Positions on Issues 2020
Legislative Session

1) Eliminate program losses in the Choices for Care program.

VNAs of Vermont members are spending 27% more to provide Choices for Care services than they receive in revenue – just under \$4M statewide. The primary cost drivers are wages, benefits and mileage.

2) Stabilize the home health provider tax burden by reducing the statutory tax rate to hold the provider tax burden to \$4.8M for SFY2021. \$4.8M was the amount collected in SFY2019 and budgeted for SFY2020. The auditor for home health and hospice agencies can accurately estimate the rate before the SFY2020 budget is finalized, based on home health and hospice agency audited financials.

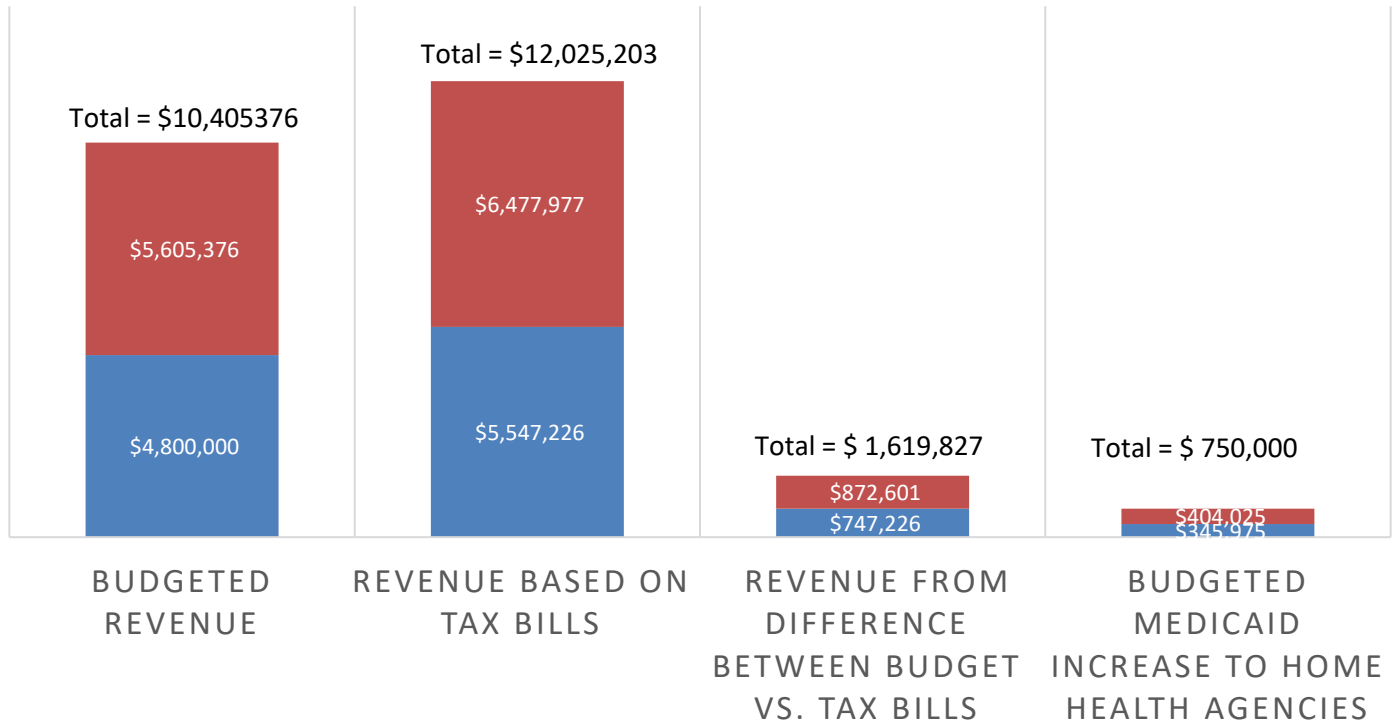
- The provider tax rate is set in statute and is applied to most home health and hospice revenue, including Medicare revenue.
- While the SFY2020 (current) budget assumed that home health agencies would be billed \$4.8M, the actual bills total \$5.5M.
- The increased cost of the tax wiped out the benefit of the nearly the entire Medicaid increase for SFY2020. The tax bills came in at just under \$750,000 more than budgeted and more than the previous year. The entire Medicaid increase budgeted for home health and hospice agencies was \$750,000.
- With the federal match, the state will collect nearly \$1.6M more than budgeted in SFY2020, more than twice what home health agencies are budgeted to receive in rate increases.

3) Support the health care workforce by enacting the workforce recommendations of the Rural Health Services Taskforce.

Broad array of state and federal recommendations including nurse licensing reforms like entering the Interstate Nurse Compact, education reforms like lowering the minimum age of admission to an LPN program to age 17 (from 18), financial incentives like loan repayment and tax incentives, programs to attract new Americans, and expanding telehealth to use the existing workforce as effectively as possible.

HOME HEALTH PROVIDER TAX SFY2020

■ Vermont Contribution ■ Federal Match



**TABLE 1B - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2020**

SOURCE HEALTHCARE¹

revenues are prior to all allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	\$80.7	5.2%	\$76.7	-5.0%	\$71.1	-7.3%	\$68.4	-3.7%	\$69.2	1.1%	\$67.5	-2.4%	\$65.7	-2.7%
Claims Assessment	\$17.2	-1.5%	\$17.7	2.9%	\$19.8	12.1%	\$19.6	-1.3%	\$20.5	5.0%	\$21.0	2.2%	\$21.5	2.2%
Employer Assessment	\$17.9	12.7%	\$19.2	7.1%	\$19.8	3.6%	\$19.8	-0.5%	\$20.4	3.4%	\$22.0	7.7%	\$22.7	3.3%
Hospital Provider Tax	\$131.7	5.1%	\$137.3	4.2%	\$143.5	4.5%	\$146.3	2.0%	\$146.9	0.4%	\$150.7	2.6%	\$154.5	2.6%
Nursing Home Provide Tax	\$15.7	0.5%	\$15.0	-4.3%	\$14.8	-1.0%	\$14.8	-0.3%	\$14.7	-0.8%	\$14.7	0.0%	\$14.7	0.0%
Home Health Provider Tax	\$4.5	2.6%	\$5.5	21.8%	\$4.7	-14.0%	\$4.8	2.2%	\$5.3	10.3%	\$5.5	2.9%	\$5.7	3.7%
All other HC revenues	\$1.5	70.8%	\$5.3	263.8%	\$1.8	-65.5%	\$2.6	41.7%	\$1.6	-38.5%	\$1.6	1.1%	\$1.6	0.9%
TOTAL HEALTHCARE	\$269.2	5.1%	\$276.6	2.8%	\$275.6	-0.4%	\$276.3	0.2%	\$278.6	0.9%	\$282.9	1.5%	\$286.3	1.2%

**TABLE 1C - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE HEALTHCARE REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2020**

CURRENT LAW BASIS

including all Education Fund
allocations and other out-transfers

	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%	FY2021	%	FY2022	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Cigarette, Tobacco, E-Cig	\$80.7	4.0%	\$76.7	-5.0%	\$71.1	-7.3%	\$68.4	-3.7%	\$69.2	1.1%	\$67.5	-2.4%	\$65.7	-2.7%
Claims Assessment	\$13.8	-1.5%	\$14.1	2.1%	\$15.9	13.2%	\$15.6	-1.7%	\$16.4	5.0%	\$16.3	-0.5%	\$16.7	2.2%
Employer Assessment	\$17.9	12.7%	\$19.2	7.1%	\$19.8	3.6%	\$19.8	-0.5%	\$20.4	3.4%	\$20.4	-0.2%	\$20.8	2.0%
Hospital Provider Tax	\$131.7	5.1%	\$137.3	4.2%	\$143.5	4.5%	\$146.3	2.0%	\$146.9	0.4%	\$149.6	1.9%	\$153.4	2.5%
Nursing Home Provide Tax	\$15.7	0.5%	\$15.0	-4.3%	\$14.8	-1.0%	\$14.8	-0.3%	\$14.7	-0.8%	\$14.7	0.0%	\$14.7	0.0%
Home Health Provider Tax	\$4.5	2.6%	\$5.5	21.8%	\$4.7	-14.0%	\$4.8	2.2%	\$5.3	10.3%	\$5.5	2.9%	\$5.7	3.7%
All other HC revenues	\$1.5	70.8%	\$5.3	263.8%	\$1.8	-65.5%	\$2.6	41.7%	\$1.6	-38.5%	\$1.6	1.1%	\$1.6	0.9%
TOTAL HEALTHCARE	\$265.7	4.8%	\$272.9	2.7%	\$271.7	-0.5%	\$272.3	0.2%	\$274.5	0.8%	\$275.6	0.4%	\$278.5	1.0%

1) Healthcare Related Taxes - Act 6 of 2019 (BAA) moved selected revenue sources from the State Health Care Resources Fund to the General Fund, effective in FY20. With the exception of the cigarette, tobacco products and vaping tax, which has historically been part of the General Fund forecast, the forecasts for the other Healthcare related taxes are provided by the a healthcare consensus forecasting group, which includes JFO, F&M and AHS staff.

The Vermont Statutes Online

Title 33 : Human Services

Chapter 019 : Medical Assistance

Subchapter 002 : Health Care Improvement Program

(Cite as: **33 V.S.A. § 1955a**)

[Section 1955a repealed effective July 1, 2021.]

§ 1955a. Home health agency assessment

(a)(1) Each home health agency's assessment shall be 4.25 percent of its net patient revenues from home health services provided exclusively in Vermont.

(2) On or before May 1 of each year, each home health agency shall provide to the Department a copy of its most recent audited financial statement prepared in accordance with generally accepted accounting principles. The amount of the tax shall be determined by the Commissioner based on the home health net patient revenue attributable to services reported on the agency's financial statement.

(3) For providers who began operations as a home health agency after January 1, 2005, the tax shall be assessed as follows:

(A) Until such time as the home health agency submits audited financial statements for its first full year of operation as a home health agency, the Commissioner, in consultation with the home health agency, shall annually estimate the amount of tax payable and shall prescribe a schedule for interim payments.

(B) At such time as the full-year audited financial statement is filed, the final assessment shall be determined, and the home health agency shall pay any underpayment or the Department shall refund any overpayment. The assessment for the State fiscal year in which a provider commences operations as a home health agency shall be prorated for the proportion of the State fiscal year in which the new home health agency was in operation.

(b) Each home health agency shall be notified in writing by the Department of the assessment made pursuant to this section. If no home health agency submits a request for reconsideration under section 1958 of this title, the assessment shall be considered final.

(c) Each home health agency shall submit its assessment to the Department according to a payment schedule adopted by the Commissioner. Variations in payment schedules shall be permitted as deemed necessary by the Commissioner.

(d) Any home health agency that fails to make a payment to the Department on or before the specified schedule, or under any schedule for delayed payments established by the Commissioner, shall be assessed not more than \$1,000.00. The Commissioner may waive

the late-payment assessment provided for in this subsection for good cause shown by the home health agency. (Added 1999, No. 49, § 203; amended 2001, No. 65, § 15; 2003, No. 66, § 309; 2005, No. 71, § 288; 2009, No. 47, § 15; 2009, No. 156 (Adj. Sess.), § 1.56; 2011, No. 45, § 23, eff. May 24, 2011; 2013, No. 73, § 55, eff. July 1, 2005, eff. June 5, 2013; 2017, No. 73, § 18a, eff. June 13, 2017; repealed on July 1, 2021 by 2019, No. 71 § 22.)