

**Side-by-side comparison of nursing home rate setting statutes and H.611’s HCBS inflation factor
for home- and community-based service providers**

	Nursing home rate setting (33 V.S.A. chapter 9)	H.611, Sec. 5 home- and community-based service provider rate inflation factor
Reimbursement objectives	<ol style="list-style-type: none"> 1. Equitable and fair balance between cost containment and quality care in nursing homes 2. Encourage nursing homes to admit persons without regard to source of payment 3. Provide incentive to nursing homes to admit and provide care to persons in need of comparatively greater care 4. Be manageable administratively for nursing homes and the State 5. Prevent unnecessary cost increases <p>(33 V.S.A. § 901)</p>	N/A
Rate setting	<ul style="list-style-type: none"> • Director of Rate Setting must establish by rule procedures for determining payment rates for care of State-assisted persons to nursing homes and other providers as directed by Secretary of Human Services • AHS Secretary has authority to establish rates sufficient to ensure that quality standards in 33 V.S.A. § 7117 are maintained, subject to facility payment requirements in 33 V.S.A. § 906 <p>(33 V.S.A. § 904(a))</p>	N/A

	<p style="text-align: center;">Nursing home rate setting (33 V.S.A. chapter 9)</p>	<p style="text-align: center;">H.611, Sec. 5 home- and community-based service provider rate inflation factor</p>
<p>Inflation factor</p>	<ul style="list-style-type: none"> • Beginning in FY2003, Medicaid budget for care of State-assisted persons in nursing homes must employ an annual inflation factor that is reasonable and adequately reflects economic conditions, in accordance with Division’s nursing home rule • Nursing home rate determination uses base year and adjusts annually by inflation factors, which may differ for direct care and for other costs <p>(33 V.S.A. § 904(a) and 33 V.S.A. § 905(c))</p>	<ul style="list-style-type: none"> • Director must establish by rule procedures for determining annual inflation factor to be applied to Medicaid rates for providers of home- and community-based services (HCBS) authorized by DVHA and/or DAIL • Division, in collaboration with DAIL, must calculate inflation factor annually and report it to DAIL and DVHA for application to HCBS provider Medicaid reimbursement rates beginning on July 1 • Determination of Medicaid rates for each fiscal year must be based on application of inflation factor to prior fiscal year’s rates plus any additional payment amounts available to HCBS providers as result of legislatively enacted polices applicable to that fiscal year • Applies to HCBS provider rates beginning on July 1, 2021 <p>(H.611, Secs. 5 and 8(b))</p>
<p>Basis for determination of rates</p>	<ul style="list-style-type: none"> • Nursing home payment system developed by Division of Rate Setting must include at least the following three cost categories: <ul style="list-style-type: none"> ○ Direct care costs, including nursing salaries and nursing assistant wages, fringe benefits and payroll taxes ○ Indirect costs (all other operating costs) 	<p>N/A</p>

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	<ul style="list-style-type: none"> ○ Property and related costs ● Basis for reimbursement in direct care cost category must be resident classification system that groups all residents into classes according to similarity of assessed condition and required services ● Direct care component must reflect necessary nursing staff time and costs to address residents’ care needs ● Rates must be determined prospectively based on cost reports; Director must certify rate for each facility annually by selecting a base year, setting base year rate, and adjusting base year rate annually by inflation factors; inflation factors may differ for direct care and other costs ● Base years may be changed at different intervals for direct care and other costs; change must occur at least once every three years for direct care costs and once every four years for other costs, unless AHS Secretary certifies to Legislature that it is not necessary to do so <p><u>(33 V.S.A. § 905)</u></p>	
<p>Payment rates</p>	<ul style="list-style-type: none"> ● Payment for each nursing home is sum of its per diem allowance for each cost category, subject to limitations prescribed by rule ● Payment for direct care costs is function of number of resident days of each resident class and must be 	<p>N/A</p>

	Nursing home rate setting (33 V.S.A. chapter 9)	H.611, Sec. 5 home- and community-based service provider rate inflation factor
	<p>adjusted in timely manner to reflect changes in assessed needs of residents</p> <p>(33 V.S.A. § 906)</p>	
Payment limits	<ul style="list-style-type: none"> • Director must establish payment limits consistent with statutory reimbursement objectives to encourage economic and efficient operation of nursing homes • Payment limits must not act as disincentive for nursing homes to address residents’ assessed needs or improve residents’ conditions <p>(33 V.S.A. § 907)</p>	N/A
Relationship to State budget	<p>AHS Secretary may, with 90 days’ notice to nursing home, reduce the number of days of nursing home service or number of nursing home beds that are Medicaid-eligible in order to meet State budgetary goals, as long as maintaining standards of care required by 33 V.S.A. § 7117 and by rule</p> <p>(33 V.S.A. § 910)</p>	N/A