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Adam Greshin, Commissioner

February 20, 2019

Honorable Jane Kitchel, Chair, Senate Committee on Appropriations
Honorable Kitty Toll, Chair, House Committee on Appropriations
Vermont State House
115 State Street
Montpelier, VT 05633-5301

Dear Chairpersons Toll and Kitchel,

I understand both Committees on Appropriations may have concerns about the sustainability of the Vermont Veterans' Home (VVH) adjusted rates and settlement amounts. I would like to offer the following points for your respective Committees to consider:

- Settlement Amounts for Prior Years
 - Per rate setting rules, once cost reports for long term care facilities are reviewed by the Division of Rate Setting, overpayments or underpayments to providers for prior years will be either refunded by the provider or paid to the provider. The VVH's settled costs for SFY 2017 resulted in upward rate adjustments and will be paid to the VVH during SFY19 (and was included in the BAA). These additional funds should be managed as one-time funds for one-time purposes (e.g., capital needs that don't meet Capital Bill thresholds).
- Ongoing Increased Rates
 - Due to the lifting of the Upper Payment Limit effective January 1, 2017 under the current Global Commitment waiver, the VVH will be able to claim higher ongoing rates. The Governor's Recommended SFY20 budget exchanges \$3.7M in General Funds for \$3.7M in increased Medicaid rate revenue, dollar-for-dollar. In other words, as the VVH maintains its Medicaid census, the increased Medicaid rate revenue will provide the same level of ongoing funding as previously provided by its General Fund appropriation.
 - These provisions, *as well as all other provisions which fall under the state's Global Commitment section 1115 waiver*, will need to be renegotiated with the next GC waiver beginning in January of 2022.

Please note that in order to clarify the presentation of the VVH's increased Medicaid rate for SFY20 relative to other sources of revenue, the VVH will submit a revised "UPs and DOWNs" document.

Sincerely,

A handwritten signature in blue ink that reads "Adam Greshin".

Adam Greshin
Commissioner