

June 3, 2020

Via Email

Dear Members of the House Committees on Appropriations, Health Care and Human Services and the Senate Committees on Appropriations and Health and Welfare:

We are writing to urge you to approve the \$375 million in critical health care system stabilization funding we called for in our letter to House and Senate leaders on April 21, 2020. Your swift action in ensuring emergency funds are distributed quickly is essential, not only to offset the staggering financial losses health care providers have experienced during this unprecedented COVID-19 pandemic, but to ensure the continued viability of the diverse components of the State's health care system.

As you know, Vermont's rural health care system entered this crisis struggling with workforce shortages, high prescription drug costs, and significant financial challenges. With the onset of COVID-19, Vermont health care providers across the continuum took critical actions to reduce potential exposure for both health care workers and patients, including: cancelling elective surgeries and dental procedures, reducing in-person visits, conserving and purchasing personal protective equipment (PPE), building out temporary surge spaces, creating isolation spaces, and ensuring the right workforce and equipment was available to care for patients. A number of provider types had to temporarily cease services altogether or endure reduced admissions. This was the right thing to do for our patients and our staff, but these actions have had devastating financial impacts on our health care system, both immediate and long-term.

We are prepared to work closely with the Administration and the Legislature to develop a funding process that is equitable and credible. At this juncture, it's challenging to produce detailed financial data. Only about two months have passed since revenues began to plummet. Claims "runout" is normally 90 days. In addition, it's too soon to know how quickly Vermonters will seek care they've postponed. Given those factors, it will be some time before we can accurately produce revenue reports, particularly for providers who care for Medicare beneficiaries, but we fully expect to do so as part of our participation in this process. Below we have shared some sector-specific information to the extent it is available at this writing:

- **The Vermont Association of Hospitals and Health Systems** reported that Vermont hospitals have lost approximately **\$100 million per month** in net

revenue over the last two months. Currently, hospitals are cautiously resuming non-urgent care while preparing for the potential next wave of COVID-19 cases. Vermont's hospitals will need further resources to bolster their roles as first responders, triage centers, community service providers, disaster response coordinators, public information officers, and testing centers.

- **HealthFirst** estimates 20-30% of independent physician practices in the state may close due to financial losses. **The Vermont Medical Society** adds that **50% of physician groups in a nationwide study have lost more than half of their revenues**. 61% of primary care clinicians were uncertain about their practice's ability to remain open after 4 weeks. Those that remain open will need to dramatically change how they deliver care, a challenge for workforce, training, infrastructure, and programs guaranteeing patient access. Comprehensive primary care includes some services such as dental that dropped to almost nothing during the public health emergency.
- **Bi-State Primary Care Association** estimates that Federally Qualified Health Centers throughout the state have experienced **reductions of 20-30%** for medical care despite a significant transition to telemedicine care delivery. Additionally, the majority of FQHCs have experienced a **90%+ drop in dental services** despite being open for urgent and emergent care. As safety net providers, they continue to see patients regardless of ability to pay. These primary care providers are also facing a need to modify their physical plant to accommodate increased infection control and ensure staff and patient safety.
- **The Vermont Health Care Association** states long-term care facilities are caring for those most vulnerable to COVID, while challenged by increasing costs, declining revenues, and workforce shortages. **Preliminary estimates indicate nursing facilities have seen reduced Medicare revenues in the range of 30%, coupled with significant Medicaid losses**, both due to reduced admissions. This situation is anticipated to continue into the foreseeable future. Ongoing financial support is critical to the continued ability to mitigate the impact of this virus on our older Vermonters.
- **Adult Day Services**, in order to assist with COVID 19 mitigation, were **forced to close** in mid-March. Despite accessing limited SBA loans and two Medicaid retainers, when they end, Adult Day Programs across the State will not be able to survive the pandemic without substantial financial stabilization support. They are incurring costs short of \$1million a month. Without stabilization support, this essential cornerstone of our health and human service system will collapse. The ripple effect of the potential loss of this essential industry will be far-reaching and ultimately more expensive for individuals, families and our State.

- **The Vermont Association of Naturopathic Physicians** reports its independent NDs, most in primary care, have seen a significant decrease in revenue, the hardest hit being those in rural areas. Telemedicine has helped, but not enough. It is uncertain how many will survive the loss in revenue.
- **Vermont Care Partners** is seeing the surge in psychiatric crisis, substance use disorders, anxiety and depression starting to hit Vermonters. It will strain our DA/SSA system of care beyond our current resources. Retainer payments to cover added costs of the pandemic including: PPE, IT/equipment, sanitization, added supports for families and shared living providers; enhanced pay to staff and facility adjustments have been essential to maintain support for Vermonters during the COVID-19 crisis. Without continuation of this supplemental funding DA's will be compromised in their ability to provide access for the most vulnerable children and adults with mental health conditions, developmental disabilities and/or substance use disorders
- **The VNAs of Vermont and Bayada Home Health & Hospice** report that home health and hospice agencies have been on the front line of Vermont's COVID-19 response, caring for vulnerable Vermonters safely at home, caring for COVID-19 positive Vermonters at home, assisting hospitals with surge capacity, staffing special facilities for homeless individuals and much more. Where appropriate for the individual's care, agencies have moved to a blended model, providing some care directly at home and some in person. Unfortunately, under a blended model, agencies incur substantial Medicare reimbursement penalties. In addition, volumes are down for many agencies, partly because fewer surgeries mean less post-surgical care at home and partly because some patients refused service out of fear. Agencies face significant increases in expenses for PPE, supplies and staffing. The National Association of Home Care and Hospice estimates that **most agencies are seeing revenue reductions between 15% and 20%**.
- **The Vermont State Dental Society** asked its members to **close their practices** on March 16 for patients seeking elective and non-urgent care. There is dire financial need amongst any small business that closed during this pandemic and dental offices are no different. A financial commitment to maintain the oral health of Vermont residents and stabilize the State's oral health system is vitally important.

In addition, at the request of several legislators, our Coalition recently submitted a proposal for creation of workforce development grants accessible to providers to assist in addressing the exacerbation of the workforce shortage due to COVID. The proposal outlines opportunities to access funds for staff training support, as well as direct loan repayment

and tuition assistance. This effort was prior to the Administration's testimony that it intended to allocate a substantial amount of funding for the health care sector. We appreciate legislators' continued support in addressing our significant workforce needs in Vermont. It is the coalition's view that any workforce development funds should be separate from the overall financial relief package available to providers. The needs are great in both areas.

Please advance this funding package to meet the needs of our patients, our staff and communities now and through additional waves of COVID-19 and its aftermath. Your action can ensure that we are here to continue to care for Vermonters once this crisis is over.

Sincerely,

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Virginia Renfrew, on behalf of
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Vermont Association of Naturopathic Physicians

cc:

House Speaker Mitzi Johnson
Senate President Pro Tempore Tim Ashe

