Health Care Provider Stabilization Proposal

June 4, 2020

Vermont Agency of Human Services
Overview

1. Health Care Stabilization Package Goal
2. Need
3. AHS Proposal for Meeting Need
4. Process
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Vermont has a goal of health care system financial stability

• The priority is to preserve Vermonters’ access to health care services during and after the COVID-19 emergency
  • Buffering providers from financial instability
  • Identifying and assisting providers in financial distress

• Health care spending in Vermont constitutes roughly 20% of Vermont’s Gross State Product
  • Health care system financial stability influences Vermont’s economic health
What is the Need?

• Health care providers across the care continuum indicate that $375M in stabilization funding is necessary to maintain the system during and after the COVID-19 emergency.
  • Across the board, provider groups indicate that without further financial assistance practices and organizations that provide essential services may be forced to close.

• The hospital system alone estimates at least $300M in need to offset business disruption and increased expenses March thru December 2020.

• HealthFirst, representing 80-90% of Independent Medical Practices in Vermont estimates $10-20M in need in order to keep practices viable.
What is the Need? Cont.

• All health care provider types have indicated that a significant portion of need arises from business disruption due to COVID-19.

Examples from Provider Association Letter to Vermont Legislators dated June 3, 2020:

• Adult Day Services were forced to close in mid-March and are incurring costs short of $1 million a month.
• Members of the Vermont Dental Society closed 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.

How Has AHS Met Need To Date?

AHS has delivered or obligated financial assistance totaling $42M to Vermont health care providers through the following methods:

1. April Retainer Payments for Medicaid Providers
2. Sustained Payments to Medicaid Providers
3. Payments to Hospitals
4. DA/SSA Hazard Pay and Other
5. Children’s Integrated Services and Private Non-Medical Institution Assistance
6. Extraordinary Financial Relief for Nursing Homes
AHS Proposal for Remaining Need

• AHS proposes a total healthcare stabilization package of $375M.
  • This package includes total State Paid or Obligated funds to date ($42M) and funds yet-to-be allocated and appropriated ($333M). The JFC has approved $55M for AHS provider relief efforts. Since this approval, expenditures to-date have come in lower than originally estimated.
  • For planning purposes, funds are allocated based on each provider category proportion of overall annual health care spending.
  • During the application process, funds can be reapportioned to different provider categories based upon demonstrated need.

• AHS proposes that the healthcare stabilization package will continue to include funds to address business disruption and increased expenses due to COVID-19.
## Allocating Funds Based on $375M
(for policy planning purposes)

Distribution of $375M Based on Proportion of Annual Health Care Spending as Reported in the Health Care Expenditure Analysis

<table>
<thead>
<tr>
<th>Service</th>
<th>Total State Paid and Obligated</th>
<th>Total Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Health Care</td>
<td>$12,856,345.99</td>
<td>$876,063.26</td>
</tr>
<tr>
<td>Nursing Home Care</td>
<td>$20,974,287.17</td>
<td>$4,573,500.00</td>
</tr>
<tr>
<td>Dental Services</td>
<td>$22,958,986.18</td>
<td>$1,344,049.59</td>
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<tr>
<td>Other Professional Service</td>
<td>$28,428,168.48</td>
<td>$445,348.76</td>
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<tr>
<td>Physician Services</td>
<td>$35,611,977.87</td>
<td>$5,656,246.99</td>
</tr>
<tr>
<td>Mental Health &amp; Other Gov</td>
<td>$64,170,234.30</td>
<td>$17,402,342.03</td>
</tr>
<tr>
<td>Hospitals</td>
<td>$190,000,000.00</td>
<td>$11,917,593.35</td>
</tr>
<tr>
<td>ALL</td>
<td>$375,000,000.00</td>
<td>$42,215,143.98</td>
</tr>
</tbody>
</table>
Process

• Application-based process
  • Universal application
  • Single deadline
  • Need-based assessment
    • Fiscal impacts of business disruption for Medicaid, Medicare, commercial and private payers
    • Increased expenses
    • Previous state and federal funding awards and future federal allocations will be considered
Two Options for Providing Payment

1. One-time, lump-sum payment based on need assessment—including fiscal impact across all-payers.

2. **Sustained monthly payments thru December 2020**: An optional, temporary payment model that combines fee-for-service reimbursement with prospective monthly payments. Reimburses eligible participating providers for the difference between their long-term average monthly fee-for-service revenues and the actual amount of fee-for-service claims payments issued to them for services they continue to provide.
   - This option may be most appropriate for providers for whom Medicaid is their predominant payer, e.g. DAs and SSAs.
Principles for Evaluating Applications

Applicants must:

• Spend money for the purpose indicated in the application
• Indicate how funds will sustain or improve health care quality and preparedness in the context of COVID-19
• Indicate how funds support current or future participation in payment reform
• Indicate intent to continue providing essential services in the community
• Attest that funds received will be used to offset costs for Vermonters associated with the pandemic
Reference Slides
Eligible Providers

- Hospitals
- Nursing Homes
- Designated and Specialized Service Agencies
- Private non-medical institutions
- Primary Care Practices
- Federally Qualified Health Centers
- Rural Health Clinics
- Home Health/Hospice Agencies
- Area Agencies on Aging
- Recovery Centers

- Adult Day Providers
- Independent Specialist Practices (including licensed mental health clinicians and Applied Behavior Analysis (ABA) providers
- Ambulance Providers
- Dental Practices
- Enhanced Residential Care (ERC) Providers
- Assistive Community Care Services (ACCS) Providers

Eligible OPR Regulated Providers

- Acupuncturists
- Alcohol and Drug Abuse Counselors
- Allied Mental Health
- Applied Behavior Analysis
- Athletic Trainers
- Chiropractic
- Dental Examiners
- Dieticians
- Hearing Aid Dispensers
- Midwives
- Naturopathic Physicians
- Nursing

- Nursing Home Administrators
- Occupational Therapy
- Opticians
- Optometry
- Osteopathic Physicians
- Physical Therapists
- Psychoanalysts
- Psychological Examiners
- Radiologic Technology
- Respiratory Care Practitioners
- Social Workers
- Speech-Language Pathologist
Example Future Stabilization Application Inputs

**Inputs, Additives**

1. Total revenue losses from COVID-19 cancelled or reduced services across all payors (must account for non-COVID-19-related seasonal variations).

   **Specifications:** [Average revenue for March thru December - Actual revenue for March thru December = X]


   **Specifications:** [Average quarterly cost of PPE - Actual cost for PPE during time period = X]

3. Costs of the additional pay and support to workers (hazard pay, vacation buybacks, Overtime, UI, staff testing for COVID-19).

   **Specifications:** [Average quarterly cost of additional pay and support to workers - Actual cost during time period = X]

4. Additional costs associated with purchasing COVID-19 related materials and supports for patients/clients (prepaid wireless phones, emergency hotel stays, etc.)

   **Specifications:** [Average quarterly cost of materials and supports for patients/clients - Actual cost during time period = X]

5. The net financial impact of COVID-19 on costs.

**Inputs, Subtractions**

1. An enumerated list of all financial support received to date

2. An enumerated list of all anticipated funds