

TO: House Committee on Appropriations

FROM: Jill Mazza Olson, Executive Director

DATE: January 19, 2023

RE: Testimony on BAA

The VNAs of Vermont requests one addition to the BAA and supports two provisions in the Administration's proposal.

New Requests

The VNAs of Vermont request an appropriation in the DVHA budget (Section B. 307) of just under **\$422,000** (\$1,109,880 gross with the federal match) for a rate increase for skilled home health services. This will bring skilled home health reimbursement rates to **90% of the Medicare fee for service fee schedule (see summary page per DVHA).**

Home health and hospice agencies are making a BAA request because **DVHA transitioned the timing of skilled home health rate increases to January 1** to align with hospice increases and the timing of Medicare rate changes for skilled home health services. This change was part of an effort to bring our rates in line with Medicare over time. **The last increase was effective January 1, 2022 and was included in the BAA; the 2023 BAA does not include an expected January 1, 2023, rate increase** that would have made more progress toward the Medicare target.

The Medicare fee-for-service fee schedule known as the Low Utilization Payment Adjustment (LUPA) fee schedule to which DVHA is comparing skilled home health rates is substantially **lower** than the standard episodic Medicare payment. DVHA's calculations do not account for the cost of the provider tax to home health and hospice agencies.

This request is related only to our skilled care - medical care at home from nurses and therapists – and is part of the DVHA budget. Choices for Care is part of the DAIL budget, and those increases are on a July 1 timeline.

Vermonters across the state depend on skilled home health care services daily to safely heal in their homes.

Home health and hospice agencies **urgently need state support right now for skilled services** which are critical for timely hospital discharges and preventing readmissions:

- On January 1, 2023, **CMS implemented a 3.925% “partial” cut to the episodic skilled services base rate and will impose a 7.85% cut to the base rate** on January 1, 2024. CMS is also planning a claw back equivalent to 3 years of the full cut.
- Currently, **travelers cost about twice per visit more than home health agencies are reimbursed**. Home health and hospice agencies are reporting that travelers cost about \$300 per visit. The Medicare per visit rate is \$154.48. The Medicaid per visit rate is \$122.58.
- To preserve access, some agencies are providing as much as **half of their visits with travelers** because of workforce shortages.
- The VNAs of Vermont projects that **nearly every home health agency in Vermont is currently running at a loss**, even those that don't have a large traveler workforce. All agencies are grappling with unprecedented wage and salary pressures, competition for their workforce from other providers, double digit increases in mileage reimbursement rates for staff and large increases in the cost of benefits.

Provisions Supported by the VNAs of Vermont

The VNAs of Vermont supports the following provisions in the BAA proposal:

- **Section B. 307**: federally mandated increase in hospice rates.
- **Language adjustment to Act 83, Sec. 72** increasing the retention incentive grant allocation to home health agencies under the remaining program funding (page 16 of the FY2023 BAA Language Proposal; Section 23 in the legislative counsel draft).

High-Level Fiscal Impact - HHAs

Program	80% of LUPA	81% of LUPA	82% of LUPA	85% of LUPA	90% of LUPA	95% of LUPA	100% of LUPA
Skilled Home Health (nursing and therapy)	\$119,215.25	\$194,847.03	\$270,478.82	\$497,374.18	\$875,533.12	\$1,253,692.05	\$1,631,850.99
Pediatric Palliative Care	\$732.42	\$2,113.14	\$3,493.87	\$7,636.03	\$14,539.63	\$21,443.24	\$28,346.84
High Tech Nursing	\$11,480.06	\$32,312.77	\$53,145.48	\$115,643.60	\$219,807.14	\$323,970.68	\$428,134.22
	\$131,427.73	\$229,272.94	\$327,118.17	\$620,653.81	\$1,109,879.89	\$1,599,105.97	\$2,088,332.05