

TO: House Committees on Health Care and Appropriations

FROM: Jill Mazza Olson, Executive Director

DATE: January 10, 2024

RE: Testimony on BAA

New Request

The VNAs of Vermont request an appropriation in the DVHA budget (Section B. 307) of **\$261,083 of General Fund dollars** (\$600,467 gross with the federal match) for a rate increase for skilled home health services. This will bring skilled home health reimbursement rates to **100% of the Medicare fee-for-service fee schedule** known as the Low Utilization Payment Adjustment (LUPA).

The cost of the increase on an annualized basis is \$515,300 General Fund (\$1,200,934 gross with the federal match).

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. **The last increase was effective February 15, 2023 and was approved in the 2023 BAA.**

The Medicare LUPA fee schedule is substantially *lower* than the complete Medicare payment model which includes both episodic and fee-for-service payments. The National Association for Home Care & Hospice (NAHC) estimates that on average nationally, LUPA-only payments are equivalent to about 75% of the complete payment model.

This request is specific to 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.

- CMS is rolling out a **permanent cut of 9.48% to skilled home health rates**:
 - January 1, 2023: 3.93%
 - January 1, 2024: 2.89%
 - Expected January 1, 2025: 2.66%
- **The phased-in rollout of the total cut increases the risk of a large clawback.** CMS is authorized to implement “temporary cuts” equivalent to implementing the full 9.48% cut *for each year* going back to January 1, 2020 when the current payment model was implemented.
- To preserve access to services **nearly every home health agency in Vermont is projecting an operating loss for calendar year 2023. Several are as high as 25% or more.** All agencies are grappling with wage and salary pressures, large increases in the cost of benefits and other increased costs.

Provisions Supported by the VNAs of Vermont

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

- **\$25,000 federally mandated increase in Medicaid hospice rates** (BAA Section 10 adjustment to Section B. 307, page 5)