

TO: House Committees on Health Care and Appropriations

FROM: Jill Mazza Olson, Executive Director

DATE: January 10, 2024

RE: Testimony on BAA

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## 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)