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TO: House Committee on Appropriations

FROM: Jill Mazza Olson, Executive Director

DATE: March 6, 2023

RE: Written Testimony on SFY24 Budget

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The VNAs of Vermont is very appreciative of the work of the [House Health Care Committee](#) and the [House Human Services Committee](#) and strongly support their recommendations on skilled home health and long-term care services provided by home health and hospice agencies, specifically:

- 1) DVHA Budget: House Health Care proposal to bring **skilled home health rates to 100% of the Medicare Low Utilization Payment Adjustment (LUPA) fee schedule effective January 1, 2024**. Please note the correct recommendation is in an [ADDENDUM](#) to the budget letter. The CY24 timing of this recommendation aligns with DVHA's transition of home health services to a calendar year fee schedule and acknowledges the annual increase for CY23 included in the BAA.
- 2) DAIL Budget: House Human Services proposal to increase rates by 15% for **Choices for Care services provided by home health agencies (personal care, homemaker services, respite/companionship services)** as part of a plan to fully fund the recent [rate study](#) in three years. We are not opposing the reduction from the Governor's recommend for these services.
- 3) The VNAs of Vermont strongly supports the recommendation of both committees to **allow the home health provider tax to sunset** as proposed by the Administration.

## Skilled Home Health Services

Skilled home health services are critical for timely hospital discharges and preventing readmissions, and they are imperiled.

- On January 1, 2023, CMS implemented a 3.925% “partial” cut to the standard Medicare (not LUPA) 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 or more than home health agencies are reimbursed**. To preserve access, some agencies are providing as much as **half of their visits with travelers** because of workforce shortages.
- **A very low-paying Medicare Advantage plan is emerging as an even larger threat to access to home health services than the Medicare cut**. Unfortunately, this is a federal policy issue over which Vermont has no jurisdiction. While some Medicare Advantage plans have fair reimbursement policies, those that don't are having a significant impact.

## Choices for Care

The recent [rate study](#) released by DVHA shows that Choices for Care services across the continuum are substantially under-reimbursed. Home health and hospice agencies have long subsidized the program, providing services at a loss. Unfortunately, agencies no longer have adequate margins from other programs to continue that practice, particularly in the face of rising wages and benefit costs. Across the continuum, in many parts of the state, the long-term care system is no longer able to meet the needs of Vermonters and needs to be rebuilt.

## In Conclusion

VNAs of Vermont staff and individual agency members are prepared to provide any additional information that might be helpful. Please contact me at [jill@vnavt.org](mailto:jill@vnavt.org) if I can be of assistance.