
TO: House and Senate Committees on Appropriations

FROM: Jill Mazza Olson, Executive Director

DATE: February 20, 2023

RE: Written Testimony on SFY25 Budget

The VNAs of Vermont is requesting funding for two essential services provided by home health and hospice agencies: **skilled home health care and at-home Choices for Care services.**

Each service is critical to supporting hospital discharges and reducing the strain on long-term care facilities. **Every Vermonter receiving these services is an individual who is not in a hospital or a skilled nursing facility bed.** In 2023, just over 16 percent of hospital discharges were to skilled home health.

Specific Requests:

- 1) **DVHA Budget: Bring skilled home health rates to 100% of the CY24 Medicare Low Utilization Payment Adjustment (LUPA) fee schedule effective July 1, 2024 and adjust them again on January 1, 2025 in accordance with an expected Medicare CY25 update.** The recommended adjustment in January aligns the home health rate schedule with DVHA's home health services calendar year fee schedule. Given the calendar year schedule, we have an outstanding request in the BAA. Based on DVHA's calendar year estimates (attached) we believe this request totals approximately \$550,00 in general fund dollars.
- 2) **DAIL Budget: Increase reimbursement rates by an additional 15% for direct Choices for Care services** (personal care, homemaker services, respite/companionship services) as the second phase of a three year plan to fully fund the DVHA [rate study](#) demonstrating the need for a total 51% increase to align reimbursement with cost. Based on the funds estimated in the rate study, we estimate this request totals approximately \$1.1 million in general fund dollars.
- 3) **Direct DVHA to develop methodologies** that compare (1) home health Medicaid rates against the Medicare home health prospective payment system model and (2) Medicaid pediatric palliative care rates against Medicare home health prospective payment system rates or Medicare hospice rates. Specific language is currently under development in House Health Care. Policy makers are considering comparisons of Medicaid rates to Medicare rates in various policy and budget efforts, for a variety of provider classes. It is critical that home health agency rates be compared to the full Medicare model, rather than the Medicare LUPA fee schedule. The LUPA fee schedule is substantially lower than the complete Medicare payment model, which includes both episodic and fee-for-service payments and does not adequately cover the costs of care. The National Association for Home Care & Hospice (NAHC) estimates that on average nationally, **LUPA-only payments are equivalent to about 75% of the complete home health Medicare payment model.**

Pressures

Home health agencies are under substantial budgetary strain. One agency is in the process of closing, largely because of the pressures of a high Medicaid payer mix coupled with Medicaid reimbursement rates that do not adequately cover the costs of care. Wages, salaries, IRS mileage reimbursement costs, investments in workplace safety measures, substantial Medicare cuts and beneficiary migration to poorly reimbursed Medicare Advantage plans are all contributing to unsustainable operating losses for all agencies.

Of particular note:

- 1) **Medicare is phasing in a 9.48% cut over three years.** The phased-in rollout of the total cut increases the risk of a large clawback of the entire cut back to January 1, 2020
 - January 1, 2023: 3.93%
 - January 1, 2024: 2.89%
 - Expected January 1, 2025: 2.66%
- 2) **Home health agencies are being eliminated as case management providers under the Choices for Care program.** This change substantially increases the budget pressure of the Choices for Care program on home health agencies. Currently, positive case management margins partially offset direct service losses, and the indirect costs of running the program are spread across the revenue from the case management and direct services program.

The Medicare margins that used to allow home health agencies to offer this service at a loss have been substantially reduced by Medicare rate cuts and beneficiary migration to poorly reimbursing Medicare Advantage plans.

Bringing direct service rates in line with costs is critical to the capacity of home health agencies to remain in the program, and to efforts to bring other long-term care providers into the Medicaid programs.

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 if I can be of assistance.

Code Description - Codes with Medicare LUPA Rate	Rev/HCPCS Code	2022 Total Units Billed	2023 Rate	2024 LUPA	Current Rates % of LUPA	2023 VT Medicaid Allowed	2024 LUPA Allowed	Difference in Payment	90% of LUPA	Impact of 90% LUPA	100% of LUPA	Impact of 100% LUPA
PHYSICAL THERAPY	420	6,737	\$153.77	\$175.03	88%	\$1,035,948.49	\$1,179,177.11	\$143,228.62	\$157.53	\$25,310.91	\$175.03	\$143,228.62
OCCUPATIONAL THERAPY	430	3,514	\$154.83	\$176.23	88%	\$544,072.62	\$619,272.22	\$75,199.60	\$158.61	\$13,272.38	\$176.23	\$75,199.60
SPEECH THERAPY	440	4,101	\$167.15	\$190.26	88%	\$685,482.15	\$780,256.26	\$94,774.11	\$171.23	\$16,748.48	\$190.26	\$94,774.11
SKILLED NURSING	550	4,320	\$140.69	\$160.14	88%	\$607,780.80	\$691,804.80	\$84,024.00	\$144.13	\$14,843.52	\$160.14	\$84,024.00
SKILLED NURSING, SVCS, VISIT CHARGE	551	16,185	\$140.69	\$160.14	88%	\$2,277,067.65	\$2,591,865.90	\$314,798.25	\$144.13	\$55,611.66	\$160.14	\$314,798.25
INITIAL HOME HEALTH ASSESMENT VISIT	559	368	\$128.86	\$143.79	89.6%	\$47,420.48	\$52,914.72	\$5,494.24	\$129.41	\$202.77	\$143.79	\$5,494.24
MEDICAL SOCIAL SVCS, GENERAL	560	885	\$225.50	\$256.67	88%	\$199,567.50	\$227,152.95	\$27,585.45	\$231.00	\$4,870.16	\$256.67	\$27,585.45
HOME HEALTH - HOME HEALTH AIDE	570	41,429	\$63.70	\$72.50	88%	\$659,756.83	\$750,900.63	\$91,143.80	\$65.25	\$16,053.74	\$72.50	\$91,143.80

ESTIMATED FISCAL IMPACT - SUBTOTAL

\$836,248.07

\$146,913.61

\$836,248.07

Code Description - Codes with NO Medicare LUPA Rate (PPC)	Rev/HCPCS Code	2022 Total Units Billed	2023 Rate	2024 Imputed LUPA	Current Rates % of Imputed LUPA	2023 VT Medicaid Allowed	2024 LUPA Imputed Allowed	Difference in Payment	90% of LUPA	Impact of 90% LUPA	100% of LUPA	Impact of 100% LUPA
MEDICAL SOCIAL SVCS, VISIT CHARGE	561	62	\$143.33	\$159.93	89.6%	\$8,886.46	\$9,915.66	\$1,029.20	\$143.94	\$37.63	\$159.93	\$1,029.20
MEDICAL SOCIAL SVCS, HOURLY CHARGE	562	692	\$143.33	\$159.93	89.6%	\$99,184.36	\$110,671.56	\$11,487.20	\$143.94	\$420.04	\$159.93	\$11,487.20
OTHER HOME HEALTH VISITS, GENERAL	580	1,837	\$17.60	\$19.64	89.6%	\$32,331.20	\$36,078.68	\$3,747.48	\$17.68	\$139.61	\$19.64	\$3,747.48
OTHER HOME HEALTH VISITS (HOMEMAKER SERVICES ARE NOT COVERED; DEN	589	14	\$17.60	\$19.64	89.6%	\$246.40	\$274.96	\$28.56	\$17.68	\$1.06	\$19.64	\$28.56

ESTIMATED FISCAL IMPACT - SUBTOTAL

\$598.35

\$16,292.44

Code Description - Codes with NO Medicare LUPA Rate (HTN)	Rev/HCPCS Code	2021 Total Units Billed	2023 Rate	2024 Imputed LUPA	Current Rates % of Imputed LUPA	2023 VT Medicaid Allowed	2024 LUPA Imputed Allowed	Difference in Payment	90% of LUPA	Impact of 90% LUPA	100% of LUPA	Impact of 100% LUPA
DIRECT SKILLED NURSING SERVICES OF A REGISTERED NURSE (RN) IN THE HOME	G0299	134,167	\$15.68	\$17.49	89.7%	\$2,103,738.56	\$2,346,580.83	\$242,842.27	\$15.74	\$8,184.19	\$17.49	\$242,842.27
DIRECT SKILLED NURSING SERVICES OF A LICENSE PRACTICAL NURSE (LPN) IN THE HOME	G0300	51,926	\$15.68	\$17.49	89.7%	\$814,199.68	\$908,185.74	\$93,986.06	\$15.74	\$3,167.49	\$17.49	\$93,986.06
NURSING ASSESSMENT/EVALUATION	T1001	51	\$84.53	\$94.32	89.6%	\$4,311.03	\$4,810.32	\$499.29	\$84.89	\$18.26	\$94.32	\$499.29

ESTIMATED FISCAL IMPACT - SUBTOTAL

\$11,369.93

\$337,327.62

Code Description - Codes with NO Medicare LUPA Rate (Self Managed HTN)	Rev/HCPCS Code	2021 Total Units Billed	2023 Rate	2024 Imputed LUPA	Current Rates % of Imputed LUPA	2023 VT Medicaid Allowed	2024 LUPA Imputed Allowed	Difference in Payment	90% of LUPA	Impact of 90% LUPA	100% of LUPA	Impact of 100% LUPA
RN SERVICES, UP TO 15 MINUTES	T1002	294	\$11.76	\$13.12	89.6%	\$3,457.44	\$3,857.28	\$399.84	\$11.81	\$14.11	\$13.12	\$399.84
RN SERVICES, UP TO 15 MINUTES W/Modifiers TV or UJ	T1002	2,154	\$12.94	\$14.43	89.7%	\$27,872.76	\$31,082.22	\$3,209.46	\$12.99	\$101.24	\$14.43	\$3,209.46
LPN/LVN SERVICES, UP TO 15 MINUTES	T1003	2,309	\$10.00	\$11.15	89.7%	\$23,090.00	\$25,745.35	\$2,655.35	\$10.04	\$80.81	\$11.15	\$2,655.35
LPN/LVN SERVICES, UP TO 15 MINUTES W/Modifiers TV or UJ	T1003	3,781	\$11.00	\$12.27	89.6%	\$41,591.00	\$46,392.87	\$4,801.87	\$11.04	\$162.58	\$12.27	\$4,801.87

ESTIMATED FISCAL IMPACT - SUBTOTAL

\$358.75

\$11,066.52

ESTIMATED FISCAL IMPACT - TOTAL

\$158,881.90

\$1,200,934.65