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An act relating to Medicaid payment rates for home- and community-based service providers

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 33 V.S.A. § 900 is amended to read:

§ 900. DEFINITIONS

~~Unless otherwise required by the context, the words and phrases in this chapter shall be defined as follows~~ As used in this chapter:

* * *

(7) “Home- and community-based services” means the following services provided pursuant to Vermont’s Global Commitment to Health Section 1115 Medicaid demonstration or a successor program:

(A) long-term services and supports provided to older adults and adults with disabilities in a home or community setting other than a nursing home, including enhanced residential care services;

(B) home health and hospice services, adult day rehabilitation services, and assistive community care services; and

(C) short- and long-term services and supports provided to individuals with mental conditions, individuals with substance use disorders, individuals with developmental or intellectual disabilities, and individuals with

1 a brain injury, in a home or community setting for which the Medicaid rates
2 are not otherwise established pursuant to statute or rule.

3 Sec. 2. 33 V.S.A. § 911 is added to read:

4 § 911. PAYMENT RATES FOR PROVIDERS OF HOME- AND
5 COMMUNITY-BASED SERVICES

6 (a) The Secretary of Human Services shall determine payment rates for
7 providers of home- and community-based services that are reasonable and
8 adequate to achieve the required outcomes for the populations they serve.

9 When determining these payment rates, the Secretary shall adjust the rate
10 amounts to take into account factors that include:

11 (1) the reasonable cost of any governmental mandate that has been
12 enacted, adopted, or imposed by any State or federal authority; and

13 (2) a cost adjustment factor to reflect changes in reasonable costs of
14 goods to and services of providers of home- and community-based services,
15 including those attributed to inflation and labor market dynamics.

16 (b) When determining reasonable and adequate rates of payment for
17 providers of home- and community-based services, the Secretary may consider
18 geographic differences in wages, benefits, housing, and real estate costs in
19 each region of the State.

1 (c) The Secretary shall establish a methodology for determining payment
2 rates for providers of home- and community-based services in accordance with
3 this section. The methodology shall:

4 (1) provide a schedule for conducting studies of the Medicaid
5 reimbursement rates paid to the providers of home- and community-based
6 services, including the rates' adequacy and their underlying methodologies,
7 that includes studying the rates paid to providers for each type of service at
8 least once every five years;

9 (2) set forth a predictable timeline for redetermination of base rates;

10 (3) include a process for determining an annual inflationary rate
11 adjustment;

12 (4) to the extent permitted by the Centers for Medicare and Medicaid
13 Services, take into account the financial needs of providers whose
14 reimbursements may be negatively affected by client absences; and

15 (5) use Vermont labor market rates and Vermont costs of operation.

16 (d) The Secretary shall establish a process by which a provider whose
17 financial condition places it at imminent risk of closure may seek extraordinary
18 financial relief from the Agency.

19 (e) The Secretary shall redetermine the payment rates for providers of
20 home- and community-based services in accordance with this section at least
21 annually and shall report those rates, and the amounts necessary to fund them,

1 to the House Committees on Appropriations, on Human Services, and on
2 Health Care and the Senate Committees on Appropriations and on Health and
3 Welfare annually as part of the Agency's budget presentation.

4 Sec. 3. 18 V.S.A. § 8914 is amended to read:

5 § 8914. RATES OF PAYMENTS TO DESIGNATED AND SPECIALIZED
6 SERVICE AGENCIES

7 ~~(a)~~ The Secretary of Human Services shall ~~have sole responsibility for~~
8 ~~establishing~~ determine the Departments of Health's, of Mental Health's, and of
9 Disabilities, Aging, and Independent Living's rates of payments for designated
10 and specialized service agencies ~~that are reasonable and adequate to achieve~~
11 ~~the required outcomes for designated populations~~ in accordance with 33 V.S.A.
12 § 911. ~~When establishing rates of payment for designated and specialized~~
13 ~~service agencies, the Secretary shall adjust rates to take into account factors~~
14 ~~that include:~~

15 ~~(1) the reasonable cost of any governmental mandate that has been~~
16 ~~enacted, adopted, or imposed by any State or federal authority; and~~

17 ~~(2) a cost adjustment factor to reflect changes in reasonable costs of~~
18 ~~goods and services of designated and specialized service agencies, including~~
19 ~~those attributed to inflation and labor market dynamics.~~

1 ~~(b) When establishing rates of payment for designated and specialized~~
2 ~~service agencies, the Secretary may consider geographic differences in wages,~~
3 ~~benefits, housing, and real estate costs in each region of the State.~~

4 Sec. 4. PAYMENT RATES FOR PROVIDERS OF HOME- AND
5 COMMUNITY-BASED SERVICES; UPDATE ON
6 IMPLEMENTATION; REPORT

7 On or before January 15, 2026, the Agency of Human Services shall report
8 to the House Committees on Human Services and on Health Care and the
9 Senate Committee on Health and Welfare with an update on the Agency's
10 implementation of 33 V.S.A. § 911, as added by Sec. 2 of this act, including
11 the Agency's proposed schedule for Medicaid rate studies and the
12 methodology the Agency developed for determining payment rates for
13 providers of home- and community-based services.

14 Sec. 5. EFFECTIVE DATE

15 This act shall take effect on passage.