

1 H.13

2 Introduced by Representatives Wood of Waterbury and Noyes of Wolcott

3 Referred to Committee on

4 Date:

5 Subject: Human services; Medicaid; home- and community-based service  
6 providers; designated and specialized service agencies

7 Statement of purpose of bill as introduced: This bill proposes to require the  
8 Secretary of Human Services to determine reasonable and adequate Medicaid  
9 payment rates for providers of home- and community-based services. It would  
10 direct the Secretary to adopt rules setting forth the methodology for those  
11 payment rates, as well as for the Medicaid payment rates for designated and  
12 specialized service agencies; the rules for all of these provider types would  
13 need to include a process for determining an annual inflationary adjustment  
14 and set forth a predictable timeline for redetermining the providers' base rates.

15 The bill would require the Secretary to redetermine the payment rates for  
16 home- and community-based service providers and for designated and  
17 specialized service agencies at least annually and report those rates, and the  
18 amounts necessary to fund them, to the General Assembly as part of the  
19 Agency of Human Services' budget presentation. The bill would also direct  
20 the Department of Vermont Health Access to conduct a rate study of the  
21 current Medicaid rates paid to providers of home- and community-based

1 services and to providers of substance use disorder treatment services and  
2 report the Department's findings and recommendations to the General  
3 Assembly and the Secretary of Human Services.

4 ~~An act relating to Medicaid payment rates for home- and community-based~~  
5 ~~service providers and designated and specialized long-term care services.~~

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

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

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

8 § 900. DEFINITIONS

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

11 \* \* \*

12 (7) “Home- and community-based services” means long-term services  
13 and supports provided to older adults and adults with physical disabilities in a  
14 home or community setting other than a nursing home, including enhanced  
15 residential care services, pursuant to the Choices for Care component of  
16 Vermont’s Global Commitment to Health Section 1115 Medicaid  
17 demonstration or a successor program. “Home- and community-based  
18 services ~~also includes non-Choices for Care home health and hospice~~

1 ~~services, adult day rehabilitation services, assistive community care services,~~  
2 and services for individuals with traumatic brain injury.

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.

20 (c) The Secretary shall adopt rules setting forth the methodology for  
21 determining payment rates for providers of home- and community-based

1 ~~services in accordance with this section. The rules shall include a process for~~  
2 determining an annual inflationary rate adjustment, shall set forth a predictable  
3 timeline for redetermination of base rates, and shall use Vermont labor market  
4 rates and Vermont costs of operation.

5 (d) The Secretary shall redetermine the payment rates for providers of  
6 home- and community-based services in accordance with this section at least  
7 annually and shall report those rates, and the amounts necessary to fund them,  
8 to the House Committees on Appropriations, on Human Services, and on  
9 Health Care and the Senate Committees on Appropriations and on Health and  
10 Welfare annually as part of the Agency's budget presentation.

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

12 § 8914. RATES OF PAYMENTS TO DESIGNATED AND SPECIALIZED  
13 SERVICE AGENCIES

14 (a) The Secretary of Human Services shall ~~have sole responsibility for~~  
15 ~~establishing~~ determine the Departments of Health's, of Mental Health's, and of  
16 Disabilities, Aging, and Independent Living's rates of payments for designated  
17 and specialized service agencies that are reasonable and adequate to achieve  
18 the required outcomes for designated populations. When ~~establishing~~  
19 determining these rates of payment for designated and specialized service  
20 agencies, the Secretary shall adjust rates the rate amounts to take into account  
21 ~~factors that include.~~

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

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

6 ~~(b) When establishing determining reasonable and adequate rates of~~  
7 ~~payment for designated and specialized service agencies, the Secretary may~~  
8 ~~consider geographic differences in wages, benefits, housing, and real estate~~  
9 ~~costs in each region of the State.~~

10 ~~(c) The Secretary shall adopt rules setting forth the methodology for~~  
11 ~~determining the payment rates for services provided by designated and~~  
12 ~~specialized service agencies to individuals with mental conditions, individuals~~  
13 ~~with substance use disorders, and individuals with developmental or~~  
14 ~~intellectual disabilities in accordance with this section. The rules shall include~~  
15 ~~a process for determining an annual inflationary rate adjustment, shall set forth~~  
16 ~~a predictable timeline for redetermination of base rates, and shall use Vermont~~  
17 ~~labor market rates and Vermont costs of operation.~~

18 ~~(d) The Secretary shall redetermine the payment rates for designated and~~  
19 ~~specialized service agencies in accordance with this section at least annually~~  
20 ~~and shall report those rates, and the amounts necessary to fund them, to the~~  
21 ~~House Committees on Appropriations, on Human Services, and on Health~~

1 ~~Care and the Senate Committees on Appropriations and on Health and Welfare~~  
2 annually as part of the Agency's budget presentation.

3 Sec. 4. HOME- AND COMMUNITY-BASED SERVICE PROVIDER  
4 RATE STUDY; REPORT

5 (a) The Department of Vermont Health Access, in collaboration with the  
6 Departments of Disabilities, Aging, and Independent Living, of Health, and of  
7 Mental Health, shall conduct a rate study of the Medicaid reimbursement rates  
8 paid to providers of home- and community-based services, as defined in  
9 33 V.S.A. § 900, and providers of substance use disorder treatment services,  
10 including their adequacy and the methodologies underlying the rates. As part  
11 of the rate study, the Department of Vermont Health Access shall:

12 (1) delineate a reasonable and predictable schedule for Medicaid rates  
13 and rate updates;

14 (2) identify ways to align Medicaid reimbursement methodologies and  
15 rates for providers of home- and community-based services with those of other  
16 payers, to the extent such other methodologies and rates exist; and

17 (3) determine ways to limit the number of methodological exceptions.

18 (b) On or before January 15, 2026, the Department of Vermont Health  
19 Access, in collaboration with the Departments of Disabilities, Aging, and  
20 Independent Living, of Health, and of Mental Health, shall report the results of  
21 the rate study conducted pursuant to this section and their findings and

1 ~~recommendations to the House Committees on Human Services and on~~  
2 ~~Appropriations, the Senate Committees on Health and Welfare and on~~  
3 ~~Appropriations, and the Secretary of Human Services.~~

4 Sec. 5. EFFECTIVE DATE

5 ~~This act shall take effect on passage, with the rules adopted by the Secretary~~  
6 ~~of Human Services pursuant to Secs. 2 (33 V.S.A. § 911) and 3 (18 V.S.A.~~  
7 ~~§ 8914) taking effect on or before July 1, 2026.~~

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

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

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

(a) The Secretary of Human Services shall determine payment rates for providers of home- and community-based services that are reasonable and adequate to achieve the required outcomes for the populations they serve. When determining these payment rates, the Secretary shall adjust the rate amounts to take into account factors that include:

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

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

(b) When determining reasonable and adequate rates of payment for providers of home- and community-based services, the Secretary may consider



geographic differences in wages, benefits, housing, and real estate costs in each region of the State.

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

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

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

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

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

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

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

(e) The Secretary shall redetermine the payment rates for providers of home- and community-based services in accordance with this section at least annually and shall report those rates, and the amounts necessary to fund them, to the House Committees on Appropriations, on Human Services, and on Health Care and the Senate Committees on Appropriations and on Health and Welfare annually as part of the Agency's budget presentation.

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

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

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

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

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

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

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

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

*Sec. 5. EFFECTIVE DATE*

*This act shall take effect on passage.*