



January 23, 2025

Public Comment on Budget Adjustment Act for SFY2025

The Vermont Health Care Association represents nursing facilities, residential care homes, and assisted living residences in Vermont. We are writing to support the Administration's Budget Adjustment Act (BAA) request for adjustments to the Department of Disabilities, Aging, and Independent Living (DAIL) budget to support changes affecting nursing home payments. These changes include updated utilization estimates for Medicaid bed hold days, a case mix related adjustment reflecting resident acuity, and provision of Extraordinary Financial Relief.

Nursing homes have been the slowest sector to recover from COVID-19 disruptions, both in Vermont and nationally. At the same time, Vermont's aging demographics and increased complexity of care needs have placed unprecedented demands on this sector. Nursing facilities provide essential long-term and rehabilitation care for Vermonters with no other clinically appropriate placement, making their capacity crucial for both individuals and the broader health care system

When we began this state fiscal year, Vermont was in a period of restoring full capacity in nursing facilities and stabilizing the sector financially. In 2024, the Agency of Human Services (AHS) adjusted Medicaid reimbursement structures and began distributing \$1 million in workforce development funding to address the need for permanent staff

The actions taken in 2024 were important steps, but their effects were not immediate. The Administration's BAA request reflects the financial distress facilities faced entering this fiscal year. It remains crucial to allow AHS to provide financial relief to individual facilities, preserving critical capacity as we complete stabilization efforts. As those efforts continue, we will also see increased utilization, which ultimately reflects patients finding the correct care placement and represents a net benefit to the health care system.

VHCA supports the BAA changes as recommended by the Administration.

Sincerely,

Helen Labun, Executive Director