



TO: House and Senate Committees on Appropriations
FROM: Eric Covey, Interim Executive Director
DATE: February 12, 2026
RE: Testimony on SFY27 Budget

Home health and hospice agencies are requesting modest rate increases for **Medicaid skilled home health care and at-home Choices for Care services.**

Specific Requests

- **DVHA Budget:** A 3.5% increase to **Medicaid skilled home health rates.**
 - **Fiscal Impact:** Estimated \$328,580.34 (GROSS).
 - 3.5% aligns with CMS projected home health market basket average for 2026.
 - Achieves benchmark of bringing most Medicaid home health payments to at least 70% of Medicare payments.
- **DAIL Budget:** A 3.5% inflationary increase for **at-home Choices for Care services rates** (personal care, homemaker services, respite/companionship services).
 - VNAs of Vermont is a member of the Long-Term Care Crisis Coalition and **supports the coalition's request for a 3.5% inflationary increase** across home and community-based long-term care services.

Rationale

- Home health and hospice agency services are critical for hospital discharges and reduce the use of long-term care facility beds.
 - 14% of hospital discharges are to home health and hospice agencies.
- Nearly every Vermonter receiving these services is someone who is not in a hospital or a skilled nursing facility bed, directly reducing costs while supporting their ability to age or heal at home.
- Home health and hospice agency services **will be vital to Vermont's ability to transform our system of health care** delivery.

Pressures

Home health and hospice agencies are facing significant fiscal pressures. Nearly every VNAs of Vermont member agency sustained an operating loss for the last fiscal year with financial data available. Ongoing operating losses **cannot** be sustained without **putting agencies or services at risk.**

- **CY26 Medicare Cut:** **CMS implemented \$1,800,000 in reductions to payments** to Vermont home health and hospice agencies.
 - CMS has imposed **nearly 10% in permanent Medicare cuts** in the last 4 years.
 - CMS is implementing temporary reductions to claw back prior payments.
- The ongoing workforce crisis, cost of hiring travelers, and wage, salary, and benefits pressures create additional strain when rates do not meet the costs of care and/or do not receive regular inflationary increases.

CONTACT: Eric Covey | eric@vnavt.org | 802-825-8789
