

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Human Services to which was referred House Bill No.  
3 13 entitled “An act relating to Medicaid payment rates for home- and  
4 community-based service providers and designated and specialized service  
5 agencies” respectfully reports that it has considered the same and recommends  
6 that the bill be amended by striking out all after the enacting clause and  
7 inserting in lieu thereof the following:

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

9 § 900. DEFINITIONS

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

12 \* \* \*

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

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

19 (B) home health and hospice services, adult day rehabilitation  
20 services, and assistive community care services, and services for individuals  
21 with traumatic brain injury; and

1            **(C) short- and long-term services and supports provided to**  
2            individuals with mental conditions, individuals with substance use disorders,  
3            and individuals with developmental or intellectual disabilities, and individuals  
4            **with a brain injury in a home or community setting for which the**  
5            **Medicaid rates are not otherwise established pursuant to statute or rule.**

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

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

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

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

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

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

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

3 (c) The Secretary shall ~~adopt rules setting forth the~~ **establish a**  
4 methodology for determining payment rates for providers of home- and  
5 community-based services in accordance with this section. The ~~rules~~  
6 **methodology** shall:

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

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

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

15 **(4) to the extent permitted by the Centers for Medicare and**  
16 **Medicaid Services, take into account the financial needs of providers that**  
17 **are paid on an enrollment basis and providers whose reimbursements may**  
18 **be negatively affected by client absences;**

19 **(5) include a process by which a provider whose financial condition**  
20 **places it at imminent risk of closure may seek extraordinary financial**  
21 **relief from the Agency; and**

1           **(6)** use Vermont labor market rates and Vermont costs of operation.

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

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

9           § 8914. RATES OF PAYMENTS TO DESIGNATED AND SPECIALIZED

10                           SERVICE AGENCIES

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

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

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

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

7           Sec. 4. **PAYMENT RATES FOR PROVIDERS OF HOME- AND**  
8           **COMMUNITY-BASED SERVICES PROVIDER; UPDATE ON**  
9           **IMPLEMENTATION; RATE STUDY; REPORT**

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

17           ~~(a) The Department of Vermont Health Access, in collaboration with the~~  
18           ~~Departments of Disabilities, Aging, and Independent Living, of Health, and of~~  
19           ~~Mental Health, shall conduct a rate study of the Medicaid reimbursement rates~~  
20           ~~paid to providers of home- and community based services, as defined in~~  
21           ~~33 V.S.A. § 900, and providers of substance use disorder treatment services.~~

1 ~~including their adequacy and the methodologies underlying the rates. As part~~  
2 ~~of the rate study, the Department of Vermont Health Access shall:~~

3 ~~(1) delineate a reasonable and predictable schedule for Medicaid rates~~  
4 ~~and rate updates;~~

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

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

9 ~~(b) On or before January 15, 2026, the Department of Vermont Health~~  
10 ~~Access, in collaboration with the Departments of Disabilities, Aging, and~~  
11 ~~Independent Living, of Health, and of Mental Health, shall report the results of~~  
12 ~~the rate study conducted pursuant to this section and their findings and~~  
13 ~~recommendations to the House Committees on Human Services and on~~  
14 ~~Appropriations, the Senate Committees on Health and Welfare and on~~  
15 ~~Appropriations, and the Secretary of Human Services.~~

16 Sec. 5. EFFECTIVE DATE

17 ~~This act shall take effect on passage, with the rules adopted by the Secretary~~  
18 ~~of Human Services pursuant to Secs. 2 (33 V.S.A. § 911) and 3 (18 V.S.A.~~  
19 ~~§ 8914) taking effect on or before July 1, 2026.~~

20 ~~and that after passage the title of the bill be amended to read: “An act relating~~  
21 ~~to Medicaid payment rates for home- and community-based service providers”~~

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(Committee vote: \_\_\_\_\_)

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Representative \_\_\_\_\_

FOR THE COMMITTEE