



Testimony on ERC and ACCS Rates – January 30, 2025

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# VERMONT HEALTH CARE ASSOCIATION

The Vermont Health Care Association (VHCA) represents nursing homes (sometimes referred to as Skilled Nursing Facilities or SNFs), residential care homes, and assisted living residences across Vermont.

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# VERMONT HEALTH CARE ASSOCIATION

- All of these provider types offer long-term care, some also offer shorter term rehabilitation services. Vermont has ~6,000 residential LTC beds.
- Assisted Living Residences must offer private living space including bedroom, bathroom, kitchen and living space; Residential Care Homes may offer shared living spaces and rooms.
- Residential Care Homes can offer different levels of care (IV and III); Level III includes nursing overview while Level IV does not.
- Skilled Nursing Facilities combine post-acute short-term care and long-term care. SNFs accept only residents who cannot be served at lower levels of care.
  - Vermont has had a policy focus on ensuring lower-acuity residents enter Assisted Living or Residential Care. Our statewide SNF days dropped in the last 2 decades due to this effort (~30%).
  - The greatest risk factor for needing SNF level of care in a given year is age (CDC ASPE), particularly the 75+ and 85+ demographics – which are growing in Vermont. We do not have SNF capacity for residents who could be served elsewhere.

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# ASSISTED LIVING & RESIDENTIAL CARE RATES

- Two components in the rate:
  - Assistive Community Care Services (ACCS) - Covers a basic bundle of services
  - Enhanced Residential Care (ERC) - Covers higher levels of care, across 3 tiers
    - Which rate is used is determined based on individual resident needs
- Does not include room & board.
- Does not include "separately reimbursable" services
  - For example, residents maintain their own primary care provider, who bills the relevant payer directly for the health services they provide.
- Does include personal care aides, residential home management, programming at the residence, and certain support services such as transportation.
  - Components of the rate were mapped in detail in the [2023 rate study](#).

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# ASSISTED LIVING & RESIDENTIAL CARE RATES

- A [2023 rate study](#) by AHS calculated the difference between rates and provider costs.
- The 2023 study identified the increases that would be necessary to align the rates with costs
  - ACCS: 79%
  - ERC Tier 1 (lowest tier): 13%
  - ERC Tier 2: 37%
  - ERC Tier 3: 60%
- In SFY2024 the Legislature increased ACCS rates by the full 79% in response to the rate study; ERC received a smaller increase.
  - Our overall goal is to bring ERC rates equal to the cost of the required services and include increases to reflect increasing year-over-year costs.

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# MEASURING IMPACT OF RATE DECISIONS

- Number of Facilities and Number of Beds (DLP)
  - Level of Care
  - Geography
  - ACCS / ERC Enrollment (measures whether the facility can accept ACCS / ERC)
- Medicaid Access (DVHA & DLP)
  - ACCS / ERC Utilization (measures whether individuals are using ACCS / ERC benefits)
  - Utilization Normalized for Changes in Facility / Bed Numbers
- Surveys of Providers
  - Multiple surveys have looked at operational responses to rates (qualitative)

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# MEASURING IMPACT OF RATE DECISIONS

- Number of Facilities and Number of Beds – Data from Division of Licensing & Protection
  - Number of Facilities and Number of Beds are both declining overall.
    - Net Change in Facilities from 2018 to 2024: -21
    - Net Change in Beds from 2018 to 2024: -123
  - Geographical distribution of facilities is also changing with new beds opening concentrated in Chittenden and Washington Counties.
  - The number of facilities accepting ERC has declined markedly. Only one of the facilities that have opened since 2020 accepted ERC.

**RC/AL Providers as of 1/3/2025:**

Provider type	# of facilities	# of ACCS providers	# of ERC providers
Residential Care	84	68	47
Assisted Living	18	13	11

**Closures (since 2020) \*closed in 2023 \*closed in 2024**

County	Facility	Beds	ACCS/ERC
Addison	Ringer's CCH	9	ACCS & ERC
Addison	Vergennes Residential Care	18	ACCS & ERC
Bennington	Watson House	16	ACCS & ERC
Caledonia	Pine Knoll Community Care	10	ACCS & ERC
Bennington	Manes House	11	ACCS & ERC
Chittenden	Gazebo Senior Living (was a floating license – converting all to Independent Living)		ACCS & ERC
Chittenden	South Harbor Senior Living	70	ACCS
Franklin	Holiday House	42	ACCS & ERC
Lamoille	Forest Hill RCH	21	ACCS & ERC
Orange	Windover House	15	ACCS & ERC
Orange	Valley View Home for the Retired	7	ACCS & ERC
Orange	Blue Spruce Home for the Retired	8	ACCS & ERC
Orleans	Newport	8	ACCS
Rutland	Loretto Home (closing announced for 9/30/23)	57	ACCS & ERC
Rutland	Misty Heather Morn	16	ACCS & ERC

Rutland	Gables – floating license converted all to Independent Living		
Rutland	7 Royce St	4	ACCS
Rutland	Maplewood Recovery Residence	4	ACCS
Rutland	Our House at Park Terrace	12	ACCS & ERC
Rutland	Saltis Home	14	ACCS
Rutland	Wintergreen Residential Care Home	8	ACCS & ERC
Washington	Fortier's CCH	10	ACCS
Windham	Holton Home	35	ACCS & ERC

**Newly opened facilities (since 2020) Residential Care:**

County	Facility	Beds	ACCS/ERC
Caledonia	Parkway House	5	ACCS
Chittenden	Atwood House	3	
Chittenden	Gazebo Senior Living 2 (2024)	50	ACCS & ERC
Orange	Valley View at Cottage Street	11	ACCS
Rutland	Burke Family Women's Home	5	ACCS

**Assisted Living:**

Chittenden	Maple Ridge Lodge	81	
Washington	Chestnut Place	54	ACCS



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# MEASURING IMPACT OF RATE DECISIONS

- Examples of comments on barriers to accepting residents with Medicaid as primary payer:
  - Complexity in navigating the system of benefits and associated administrative costs, especially for facilities that have relied on private pay sources in the past.
    - In other words, some facilities see there's a critical mass of Medicaid payment needed to justify providing that access – so when payment is too low, there's a risk at providers who are high % Medicaid *and* providers at a low % Medicaid (who may drop out of participating in the program).
  - Concern over lag times in rate updates, inability to change rates as the services needed change.
  - Lack of supporting services within the larger community.
- Residential care providers agree to meet a resident's care needs as an ongoing commitment. That puts them at financial risk for changes in regulations and/or loss of services within their region.
  - AL / RC Licensing regulations are changing for the first time in almost 25 years April 1, 2025.
  - The geography of service access is changing dramatically, requiring more staff time and services helping residents reach necessary care.

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# COMMENTS ON H.13

- It is critical to provide adequate Medicaid reimbursement for long-term care services.
  - A first step is to bring ERC rates in line with the costs outlined in the 2023 rate study.
- The Agency of Human Services could make better use of the data available to them for tracking Medicaid rate adequacy and any impacts on access to services for Vermonters using Medicaid as their primary payer.
- Some rate information may require additional study and data collection directly from providers. VHCA recognizes there is a balance between new information gained and the time needed to perform these studies. We support AHS maximizing already-collected data to perform any ongoing rate review.