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TO: House and Senate Committees on Appropriations

FROM: Jill Mazza Olson, Executive Director

DATE: February 13, 2025

RE: Testimony on SFY26 Budget

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Home health and hospice agencies are requesting funding for **skilled home health care and at-home Choices for Care services**: essential services provided to mostly disabled and elderly Vermonters with numerous chronic conditions.

#### Rationale

- These services are critical for hospital discharges and reduce the use of long-term care facility beds.
- Nearly every Vermonter receiving these services is an individual who is not in a hospital or a skilled nursing facility bed, directly reducing costs in real-time.
- Vermont health care reform goals rely on these services.

#### Specific Requests

- **DVHA Budget: Bring skilled home health rates to 90% of Medicare rates.** A new methodology developed in partnership with DVHA shows that skilled home health rates are currently at approximately 67% of Medicare. We estimate this request at \$1.23 million in general fund dollars.
- **DAIL Budget: Bring at-home Choices for Care services rates** (personal care, homemaker services, respite/companionship services) in line with costs as described in the 2023 DVHA [rate study](#), at a cost of approximately \$2.2 million in general fund dollars, consistent with the position of the Long Term Care Crisis Coalition.

#### Pressures

Home health and hospice agencies are almost entirely reliant on government payers. **Medicare reimbursement is no longer robust enough to subsidize Medicaid programs that pay below cost.** One agency closed last year and operating losses at many agencies cannot be sustained without putting other agencies at risk.

- Medicare has phased in a nearly 10% cut to standard Medicare rates over four years, with a final 1.97% cut expected in January of 2027.
- Medicare has the authority to claw back the equivalent to the full cut going back to January 1, 2020.
- Beneficiary migration to poorly reimbursing Medicare Advantage plans is a growing threat.

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