



March 13, 2025

To: Senate Health and Welfare Committee

Re: Committee Bill 25-0907

The Vermont Health Care Association (VHCA) is a membership-based organization representing Vermont's long-term care facilities, including nursing homes (skilled nursing facilities), assisted living residences, and residential care homes. Thank you for the opportunity to provide comments on committee bill 25-0907, which I outline below.

Section 2 (e)(4): Reference-based pricing for nonhospital services.

The Vermont Health Care Association appreciates the option for reference-based pricing as a direct tool to address health care costs. However, not every provider type can be addressed through this tool. In residential long term care services, whether provided in a nursing home, residential care home or assisted living residence, Medicaid is the primary payer and the relevant public payer for this conversation. Medicare generally does not cover the long-term care services our members provide. Vermont already has a system for standardized rate setting in Skilled Nursing Facilities for Medicaid that uses a detailed formula incorporating different cost centers, statewide averages, imputed inflation from a regional basket, and federal case mix acuity scores. Rate setting for residential long-term care in Assisted Living and Residential Care Homes is standardized as well, although with less complexity and more discretion regarding when the state changes rates. This work is done through the Agency of Human Services. VHCA recommends clarity in Section 2 as regards nonhospital reference-based pricing, recognizing the existence of AHS-managed rate setting systems in sectors without available Medicare references and where Medicaid sets the de facto reference price for services.

Section 4(b)(7): Incentives to Support Community Based Care

Primary care is a vital part of our health care system. At the same time, the services that are "primary" for an individual evolve over their lifespan. Our long-term care facilities serve over 6,000 Vermonters (often with substantial wait lists) and are the primary setting for

supporting these individuals' health. While prevention activities may reduce reliance on some long-term care services, the primary risk factor is simply age. According to the CDC, half of Americans who reach 65 will need some form of long-term care services in their lifetime, while half of people reaching 85 will need high acuity / complexity services and a third of people reaching 85 will require residential nursing home care. Vermont's demographic trends indicate an inevitable need for better capacity in long-term care. Long-term care facility services are integral to a well-functioning continuum of care, and central to avoiding or delaying more acute hospital services.

Our health care system, including our long-term care providers, are in a capacity crisis. Investment in Medicaid rates is the best mechanism to address capacity challenges including significant workforce needs. This would include implementation of DVHA's 2023 Home- and Community-Based Provider Rate Study.

Section 7: Advisory Committee

VHCA recommends adjusting Section 7 to require representation across sectors, including a representative from long-term care facilities chosen by VHCA.

Sections 10 and 11

The Vermont Health Care Association encourages policymakers to prioritize our state's limited resources on supporting direct care given our current capacity crisis, ongoing workforce shortages, and deep uncertainty at the federal level.

Thank you for considering these comments.

Sincerely,

Helen Labun
Executive Director, Vermont Health Care Association