



TO: Senator Ginny Lyons, Chair
Senate Committee on Health and Welfare

FROM: Eric Covey, Interim Executive Director

DATE: April 2, 2026

RE: Support House-Proposed Increase for Medicaid Skilled Home Health in the SFY27 Budget

Dear Senator Lyons and members of the Senate Committee on Health and Welfare,

Home health and hospice agencies are requesting that your committee supports upholding the House-proposed rate increase for **Medicaid skilled home health care** in the SFY27 budget.

Request Specifics

- **DVHA Budget (B.307):** \$329,120 gross (\$138,000 General Fund)
 - Achieves benchmark of bringing most Medicaid home health payments to at least 70% of Medicare payments.

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 starting January 1.
 - 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 increases.

Medicaid skilled home health services are a cost-saving investment. Please support access to the medically necessary care Vermonters depend on by recommending that the Senate Committee on Appropriations uphold the House-proposed rate increases for Medicaid skilled home health care in the SFY27 budget.

Thank you,

Eric Covey

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