



## State Priorities – January 2017

### Legislative Issues

**Medicaid Provider Tax/Medicaid Rate Increase** – In 2016, lawmakers passed a new provider tax formula that sunsets in two years. They also required DVHA to study the current Medicaid tax and determine if a different formula is warranted. Members of the Vermont VNAs have developed a proposal which they unanimously support. The proposal builds on the new formula passed in 2016, but makes some important adjustments. The proposal, with a few exceptions, limits the tax to “designated services.” Those are services that Vermont home health agencies are required to provide. The proposal excludes services that are also provided by entities that are not subject to a provider tax.

Under a “budget-neutral” scenario, the impact on individual agencies varies. Several do less well under this proposal than under the pre-2016 legislative session proposal. The challenge of making the provider tax “fair” highlights the fundamental problem with Vermont’s current Medicaid structure: Medicaid budget increases have been almost entirely limited to administrative increases and enrolling more people on Medicaid, not increases in provider rates.

**We are asking legislators to support budget bill/tax bill language that together would:**

- Change Vermont statute to cap the total revenue generated by the tax to the amount generated in SFY2017.
- Add an annual inflationary increase to home health agency Medicaid rates and Choices for Care rates like the annual inflation factor that currently applies to nursing home Medicaid rates.

**Choices for Care** – CFC has been an extremely successful state program over the past decade, helping many people remain at home and out of institutions and saving the state significant money. However, the rates for service in the program have not been raised meaningfully in several years. All home health agencies lose money on this program, some agencies lose significant amounts. We pay low wages and do not offer benefits (in most agencies) to the staff that do this difficult work. Meanwhile, the state re-directs savings from the program to other programs, and provides annual rate increases to nursing homes. We are very concerned about our ability to continue to support this important and successful program.

**Prospective Payment** – With the support of the VNAs of Vermont, the Vermont lawmakers have mandated that effective July 1, 2017, Medicaid shall pay home care agencies on a prospective payment system. VNAVt members worked closely with DVHA to develop a plan that works for the agencies, the State and our patients. DVHA did not feel it could support a system as complex as the Medicare PPS program and so the workgroup embarked on an effort to develop a less complex system for Vermont Medicaid. Recently, reimbursement experts from the VNAs of Vermont and DVHA have mutually concluded that the Medicaid home health population is too small for a fair and stable simplified PPS program. DVHA, the VNAs of Vermont and Bayada all recommend abandoning the effort.

## Regulatory Issues

**Health Care Reform** - Home health agencies in Vermont stand ready to lead a community-based effort to improve the health of the whole community, from new families, to frail elders and everyone in between. The VNAs of Vermont are essential partners in meeting the targets laid out in the all-payer model, particularly **reducing the total cost of care per Medicare beneficiary and reducing unplanned admissions for patients with multiple chronic conditions**. VNAs expect their roles will grow and expand as hospitals take on financial risk and focus on population health. In 2017, we will be particularly focused on:

- Demonstrating and expanding the role VNAs of Vermont members play in primary care;
- Working with the Green Mountain Care Board to consider waivers of additional federal requirements that impede our ability to provide preventive care; and
- Developing a process with the ACOs, the Agency of Human Services and the Green Mountain Care Board to identify and propose payment reform opportunities as called for in the all-payer model.

### Designation Rule

The Agency of Human Services recently released a draft designation rule for home health agencies. The formal public process is expected to be initiated in the early months of 2017. The VNAs of Vermont are working on comments on the draft.

### Other Issues:

- Provider Tax Rulemaking (VNAs of Vermont have asked DVHA to delay this process until we know more about the likelihood of our proposal becoming statute)
- Documentation of Face-to-Face requirement exemption for Vermont Medicaid
- Case management “conflict of interest” issue (CMS issue with state implications)