



VERMONT LEGISLATIVE Joint Fiscal Office

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Fiscal Note

Updated 3/25/2022

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H.153 – An act relating to Medicaid reimbursement rates for home- and community-based services

As passed by the House

<https://legislature.vermont.gov/Documents/2022/Docs/BILLS/H-0153/H-0153%20As%20Passed%20by%20the%20House%20Unofficial.pdf>

NOTE: The estimates in this fiscal note have been updated to reflect new information that was not available when the bill passed the House last year.

Bill Summary

The bill would require the Agency of Human Services (AHS) to determine Medicaid payment rates, that are reasonable and adequate, for home- and community based services (HCBS) and for designated and specialized service agencies. The bill is intended to target services for the following populations: individuals with mental conditions; individuals with substance use disorder; individuals with developmental or intellectual disabilities; older Vermonters; individuals with traumatic brain injury; and, individuals with physical disabilities.

Secs. 2 and 3 – Payment Rates

Sec. 2 would require AHS to determine payment rates for providers of HCBS that are reasonable and adequate to achieve the required outcomes for the populations they serve.

Sec. 3 would require AHS to determine rates paid by the Departments of Health (VDH), of Mental Health (DMH), and of Disabilities, Aging and Independent Living (DAIL) for designated and specialized service agencies that are reasonable and adequate to achieve the required outcomes for the designated populations.

Both sections would require AHS to adopt rules setting forth the methodologies for determining these rates in accordance with the bill and include a process for determining annual inflationary rate adjustments, set forth predictable times for redetermination of base rates, and use Vermont labor market rates and costs of operations. Finally, AHS would be required to redetermine the payment rates for HCBS and designated and service agencies annually and report those rates, and the amounts necessary to fund them, as part of the Agency's annual budget presentation to the Legislature.

Based on the services targeted in this legislation, it is estimated that for every 1% increase, the fiscal impact would be approximately \$4.5 million gross (\$2 million general fund dollars).

There is no appropriation required for these sections (2 & 3) since they do not require AHS to implement payment rate increases.

Sec. 4 – Home- and Community-Based Service Provider Rate Study

Sec. 4 would require the Department of Vermont Health Access (DVHA), in collaboration with DAHL, VDH, and DMH, to conduct a rate study of the Medicaid reimbursement rates paid to providers of HCBS. According to the DVHA, this would require both staff and contractual resources.

- Initial contractual needs = \$390,000 gross
 - DVHA estimates that the one-time cost for contractual needs would be approximately \$390,000. AHS has requested coverage of these costs as part of the enhanced HCBS Federal Medical Assistance Percentage (FMAP) funds. If those funds are not approved, the state share would need to be covered by General Funds (approximately \$195,000).
 - ***This was included in Act 83 of FY 2022 (Budget Adjustment).¹ Therefore no further appropriation would be required for this section.***
- 1 FTE (on-going) = \$100,000 gross (\$50,000 general funds)
- 1 FTE (limited service) = \$100,000 gross (\$50,000 general funds)
 - DVHA expects it would need to hire an additional FTE to support the initial determination of rates. AHS has requested coverage of these costs as part of the enhanced HCBS FMAP funds. If those funds are not approved, the state share would need to be covered by General Funds (\$50,000).

There is no appropriation for this section in the bill as passed by the House.

Fiscal Summary

There are currently no appropriations in this bill. The required appropriation will depend on whether AHS’s request to use enhanced HCBS FMAP funds are approved by the federal government. If AHS’s request is:

- approved – the General Fund need would be \$50,000 (on-going).
- not approved – the General Fund need would be \$100,000 (\$50,000 one-time / \$50,000 on-going).

Sec. 4 - One-time and on-going costs

Description	Gross	General Fund need if enhanced HCBS FMAP:	
		Approved	Not Approved
1 FTE (On-going)	\$100,000	\$50,000	\$50,000
1 FTE (Limited Service)	\$100,000		\$50,000
TOTAL	\$200,000	\$50,000	\$100,000

¹ Act 83 of FY 2022 -

<https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT083/ACT083%20As%20Enacted.pdf>