

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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

As passed by the House

<https://legislature.vermont.gov/bill/status/2022/H.153>

The bill as amended would require the Agency of Human Services (AHS) to determine payment rates for Medicaid funded home- and community-based services that are reasonable and adequate to achieve the required outcomes for the population they serve. 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.

Sec. 2 & 3 - In addition to determining rates that reasonable and adequate, it would also require AHS to redetermine the payment rates for designated and specialized services agencies at least annually in accordance with the bill, and to report on the amounts necessary to fund them to the specified committees of jurisdiction as part of the Agency's annual budget presentation. It would also require the Secretary to adopt rules setting forth the methodology for determining the payment rates for these services and include a process for determining an annual inflationary adjustment. Based on the services outlined 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).

Fiscal Impact of Rate Increases:

- FY 2022 – no appropriation required

Sec. 4 requires the Department of Vermont Health Access (DVHA) in collaboration with the Departments of Disabilities, Aging, and Independent Living (DAIL), of Health (VDH), and of Mental Health (DMH), conduct a rate study of the Medicaid reimbursement rates paid to providers of home- and community-based service. According to the Department, this would require both staff and contractual resources.

- Contractual needs (one-time) = \$200,000.00 (\$98,940.00 general funds)
- 1 FTE (on-going) = \$100,000 gross (\$50,000 general funds)
 - DVHA expects it would need to hire an additional FTE at an additional \$100,000.00 (\$50,000.00 general funds) in FY 2023.

Fiscal Impact of Rate Study and Rate-setting:

- Currently the bill does not include any appropriations for the rate study or rate-setting needs identified by DVHA (listed above) to carry out this work.
- To the extent this is not funded in the FY 2022 Big Bill, DHVA would likely include this cost in the FY 2022 budget adjustment request to the legislature.