

No. 14. An act relating to Medicaid payment rates for community-based service providers.

(H.13)

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 33 V.S.A. § 900 is amended to read:

§ 900. DEFINITIONS

~~Unless otherwise required by the context, the words and phrases in this chapter shall be defined as follows~~ As used in this chapter:

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(7) “Community-based services” means the following services provided pursuant to Vermont’s Global Commitment to Health Section 1115 Medicaid demonstration or a successor program:

(A) long-term services and supports provided to older adults and adults with disabilities in a home or community setting other than a nursing home, including enhanced residential care services;

(B) home health and hospice services, adult day rehabilitation services, and assistive community care services; and

(C) short- and long-term services and supports provided to individuals with mental conditions, individuals with substance use disorders, individuals with developmental or intellectual disabilities, and individuals with a brain injury, in a home or community setting that is not a clinical residential setting or a private nonmedical residential setting.

Sec. 2. 33 V.S.A. § 911 is added to read:

§ 911. PAYMENT RATES FOR PROVIDERS OF COMMUNITY-BASED SERVICES

(a) The Secretary of Human Services shall calculate payment rates for providers of community-based services that are reasonable and adequate to achieve the required outcomes for the populations they serve. When calculating these payment rates, the Secretary:

(1) for informational purposes, shall ensure that the calculations take into account factors that include:

(A) the reasonable cost of any governmental mandate that has been enacted, adopted, or imposed by any State or federal authority; and

(B) a cost adjustment factor to reflect changes in reasonable costs of goods to and services of providers of community-based services, including those attributed to inflation and labor market dynamics; and

(2) may consider geographic differences in wages, benefits, housing, and real estate costs in each region of the State.

(b) The Secretary shall establish a methodology for calculating payment rates for providers of community-based services in accordance with this section. The methodology shall:

(1) provide a schedule for conducting studies of the Medicaid reimbursement rates paid to the providers of community-based services, including the rates' adequacy and their underlying methodologies, that

includes studying the rates paid to providers for each type of service at least once every five years;

(2) set forth a predictable timeline for redetermination of base rates;

(3) include a process for calculating an annual inflationary rate adjustment;

(4) to the extent permitted by the Centers for Medicare and Medicaid Services, take into account the financial needs of providers whose reimbursements may be negatively affected by client absences; and

(5) use Vermont labor market rates and Vermont costs of operation.

(c) The Secretary shall establish a process by which a provider of community-based services whose financial condition places it at imminent risk of closure may request provider stabilization from the Agency.

(d) The Secretary shall recalculate the payment rates for providers of community-based services in accordance with this section at least annually and shall report those rates, and the amounts necessary to fund them, to the House Committees on Appropriations, on Human Services, and on Health Care and the Senate Committees on Appropriations and on Health and Welfare annually as part of the Agency's budget presentation.

Sec. 3. 18 V.S.A. § 8914 is amended to read:

§ 8914. RATES OF PAYMENTS TO DESIGNATED AND SPECIALIZED
SERVICE AGENCIES

~~(a) The Secretary of Human Services shall have sole responsibility for establishing~~ calculate the Departments of Health's, of Mental Health's, and of Disabilities, Aging, and Independent Living's rates of payments for designated and specialized service agencies ~~that are reasonable and adequate to achieve the required outcomes for designated populations in accordance with 33 V.S.A. § 911. When establishing rates of payment for designated and specialized service agencies, the Secretary shall adjust rates to take into account factors that include:~~

~~(1) the reasonable cost of any governmental mandate that has been enacted, adopted, or imposed by any State or federal authority; and~~

~~(2) a cost adjustment factor to reflect changes in reasonable costs of goods and services of designated and specialized service agencies, including those attributed to inflation and labor market dynamics.~~

~~(b) When establishing rates of payment for designated and specialized service agencies, the Secretary may consider geographic differences in wages, benefits, housing, and real estate costs in each region of the State.~~

Sec. 4. PAYMENT RATES FOR PROVIDERS OF COMMUNITY-BASED SERVICES; UPDATE ON IMPLEMENTATION; REPORT

On or before January 15, 2026, the Agency of Human Services shall report to the House Committees on Human Services and on Health Care and the Senate Committee on Health and Welfare with an update on the Agency's implementation of 33 V.S.A. § 911, as added by Sec. 2 of this act, including

the Agency's proposed schedule for Medicaid rate studies and the methodology the Agency developed for calculating payment rates for providers of community-based services.

Sec. 5. EFFECTIVE DATE

This act shall take effect on passage.

Date Governor signed bill: May 13, 2025