

1 S.30

2 Introduced by Senators Mullin and Ashe

3 Referred to Committee on

4 Date:

5 Subject: Health; Medicaid; home health agencies; prospective payment

6 Statement of purpose of bill as introduced: This bill proposes to direct the

7 Agency of Human Services to adopt a prospective payment system for home

8 health agencies for each 60-day episode of care.

9 An act relating to establishing a prospective payment system for home  
10 health services

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

12 Sec. 1. FINDINGS

13 The General Assembly finds that:

14 (1) In Vermont, the State reimburses home health agencies over

15 \$34 million annually in Medicaid fee-for-service payments.

16 (2) In October 2000, the federal Centers for Medicare and Medicaid

17 Services adopted a prospective payment system for Medicare that pays home

18 health agencies a predetermined rate for each 60-day episode of home health

19 care regardless of the number of visits the patient receives during that period.

1           (3) Medicare's prospective payment system provides home health  
2           agencies with incentives to provide the appropriate level of care to achieve  
3           positive outcomes for Medicare patients.

4           (4) Vermont Medicaid's fee-for-service model encourages more services  
5           instead of more efficient services.

6           (5) Home health services reimbursed under the Vermont Medicaid  
7           program are currently delivered in a manner that limits the services clients  
8           may receive.

9           (6) Losses at Vermont's home health agencies are becoming  
10          unsustainable because Medicaid reimbursement rates are far below the cost of  
11          delivering services.

12          (7) A Medicaid prospective payment system model will support  
13          Vermont's payment reform efforts by providing more flexible, integrated, and  
14          improved services to clients, reducing administrative costs at home health  
15          agencies, and containing costs while providing greater financial predictability  
16          to home health agencies and to the State.

17          Sec. 2. 33 V.S.A. § 1901h is added to read:

18          § 190h. PROSPECTIVE PAYMENT; HOME HEALTH SERVICES

19           (a) On or before January 1, 2016, the Agency of Human Services shall  
20           implement a prospective payment system to replace the fee-for-service system  
21           for home health agencies that provide services under Medicaid, including

1 nursing, therapies, licensed nursing assistants, nutritionists, and hospice care;  
2 that provide pediatric rehabilitation services, including physical therapy,  
3 occupational therapy, and speech-language pathology; and that provide  
4 services under the Choices for Care program.

5 (b) The prospective payment system shall:

6 (1) pay home health agencies a predetermined rate for each 60-day  
7 episode of home health care, which shall be adjusted annually for inflation;

8 (2) be budget neutral;

9 (3) not adjust payments based on patient acuity;

10 (4) not limit the number of episodes of care;

11 (5) eliminate the need for prior authorization for pediatric rehabilitation  
12 services;

13 (6) establish risk corridors of three percent, such that if a home health  
14 agency's profits exceed three percent, the excess shall be paid to the Agency of  
15 Human Services or placed in a flexible fund for new or noncovered services,  
16 while if a home health agency's losses exceed three percent, the Agency of  
17 Human Services shall pay the difference to the home health agency; and

18 (7) require home health agencies to report data to the Agency of Human  
19 Services to evaluate the prospective payment system payment methodology,  
20 including:

1           (A) details of each episode, including identifying patient visits by  
2           discipline and providing the name of the certifying physician, the date on  
3           which care began, and the primary diagnosis;

4           (B) costs reflecting revenue from services rendered under the  
5           prospective payment system, the home health agency's total expenses, and  
6           gains and losses;

7           (C) information regarding health outcomes; and

8           (D) monitoring and reporting on acute care hospitalization,  
9           emergency care, and nursing home admissions using existing internal and  
10          external resources.

11          (c) As used in this section, "home health agency" means an entity that has  
12          received a certificate of need from the State to provide home health services  
13          and is certified to provide services pursuant to 42 U.S.C. § 1395x(o).

14          Sec. 3. EFFECTIVE DATE

15          This act shall take effect on passage.