Vermont Medicaid Policy Unit,

I have some questions and comments regarding GCR 22-073 as proposed by the State.

- What exactly is the incentive/reward for meeting "Percentage of authorized hours provided by the home health agency across all beneficiaries for the entire year"?
- What exactly is the incentive/reward for meeting "Percent improvement in authorized hours provided."?
- What incentive is there for new referral acceptance? Is it a flat bonus, is it based on authorized hours, something else?

If this policy gives incentives in addition to those provided by GCR 21-028, why is it in addition to and not replacing those incentives? I believe that GCR 21-028 incentivised agencies to provide fewer hours, and that GCR 22-073 should replace GCR 21-028 entirely.

My reasoning follows:

In GCR 21-028 it states:
- "Home health agencies will receive a monthly payment that is 33.3% of the FFS payments for the person's total authorized hours..."
- "The home health agency will retain the monthly payment if at least 50% of the authorized hours are delivered during the month."
- "FFS payments restored to 100% of the current FFS rate for any months in which program participants receive less than 50% of authorized hours."

Based on those statements, my math indicates that an agency will retain 16.65% of the value of the authorized hours if they provide service for 50% of those authorized hours, while not providing services for those 16.65% of authorized hours.

My math is as follows:

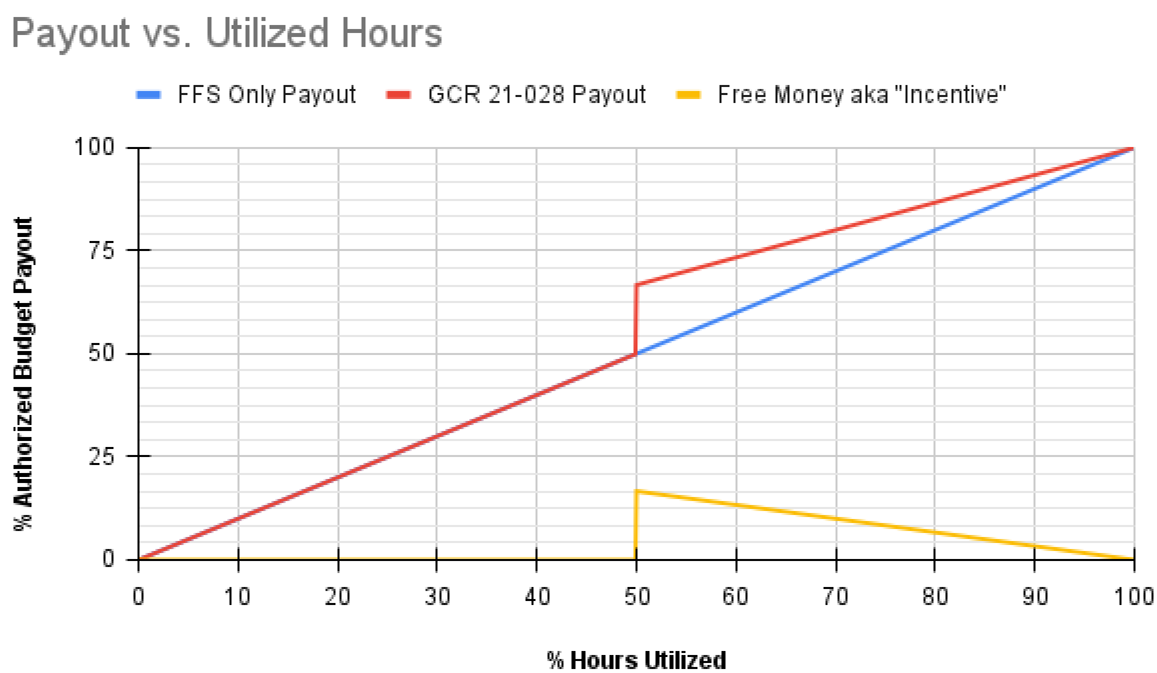
$$\text{FFS Payout} = \text{Utilized Hours} \times \text{HTN Hourly Rate}$$

$$\text{GCR 21-028 Payout} = \begin{cases} \frac{1}{3}\text{Authorized Hours} \times \text{HTN Hourly Rate} + \frac{2}{3}\text{Utilized Hours} \times \text{HTN Hourly Rate} & \text{where} \frac{\text{Utilized Hours}}{\text{Authorized Hours}} \geqq 50\% \\ \text{Utilized Hours} \times \text{HTN Hourly Rate} & \text{otherwise} \end{cases}$$

$$\text{Free Money aka "Incentive"} = \text{CGR 21-028 Payout}\big(\text{Utilized Hours}\big) - \text{FFS Payout}\big(\text{Utilized Hours}\big)$$

That equation shows that the GCR 21-028 payment model incentivizes providing services for exactly 50% of the authorized hours, as then they will get 16.65% of the value of the Authorized Hours without having to actually provide those hours. They are not punished for anything lower than 50% utilization, but rewarded less and less "free money" as they provide closer and closer to 100% of the hours.

A chart for visualization follows:



On a single client scale, this does not look great but not terrible. But 100% and 50% have an interesting relationship, 50% being exactly half of 100%. While this seems obvious, that relationship allows an agency to half 100% utilization to that special 50% utilization cutoff. Another rule, one about time now, is that you can spend 100% of your time in one place, or 50% of your time in 2 places, again obvious, and again that 50% number. What comes next does not follow these rules: 50% + 50% = 133.33%. That is the % of the Authorized Budgets that an agency would get by simply halving 100% utilization of one client and having their nurse service 2 clients at 50% utilization. THIS is the real problem with GCR 21-028, **an agency gets paid 133.33% if they simply half one client's utilization and bring on another at 50% utilization**, that also gets them the additional case management hours from the new client as well, without having to provide the nursing hours. GCR 21-028 incentivises agencies to provide exactly 50% of the authorized hours for each client.

The State should instead incentivise providing 100% of the authorized hours. Reward the agencies for crossing the finish line, and not for doing a partial job. GCR 21-028 does not do that at all. GCR 22-073 does better by gating some rewards behind actual improvement, such as gating rewards after showing year over year improvement to hours provided. Other things it does not do great at, such as rewarding bonuses after providing only 60% of authorized hours to the client, does the State think 60% performance is acceptable for these individuals that require such intensive care? This number should be 100% for such a critical service, because for High Tech Nursing: that care many times is the difference between life and death, and as such the agencies should be rewarded for going above and beyond and not for providing around half of what the State deemed necessary in their needs process.

It is clear that the State did not get the improvement results that they were expecting from GCR 21-028, otherwise GCR 22-073 would not have been proposed. The State should look into other ways for individuals to get the care that they need, instead of dedicating more and more resources to a system that is not improving. One such way is to allocate resources to a system that already provides care for those individuals when the agencies that were tasked with providing important care do not provide all of that necessary care: the families.

If the agencies cannot provide for Vermont's most vulnerable, and rely on the families to make up the differance, why not instead invest in those families and empower them to care for those individuals instead? The families have more than just a financial investment into ensuring the wellbeing of those that they are caring for, and can provide much better care per dollar than an agency can. Why is it that the Self and Family managed system of care does not see the same creative thinking and resource allocation that are provided to the agencies? They are performing the same task, doing a better job at it, and at less cost to the taxpayer. If the agencies are showing that they can not or will not provide all of the allocated hours, even after all of the incentives from the State, it may be time for the State to consider reallocating those resources to the families that provide the necessary care when the agencies fail to.

Thank you in advance for your clarifications to my questions and consideration of my concerns.

- Seth Pierson