

June 3, 2020

Dear members of the House Health Care, House Human Services, Senate Health and Welfare and House and Senate Appropriations Committees,

On behalf of the broader “Vermont Health Care Coalition,” per our letter of April 21 to legislative leaders, we urge the legislature to approve \$375 million in critical health care system stabilization funding. Your swift action in ensuring emergency funds are distributed quickly is essential, not only to offset the staggering financial losses health care providers have experienced during this unprecedented COVID-19 pandemic, but to ensure the continued viability of the diverse components of the State’s health care system.

As you know, Vermont’s rural health care system entered this crisis struggling with workforce shortages, high prescription drug costs, and significant financial challenges. With the onset of COVID-19, Vermont health care providers across the continuum took critical actions to reduce potential exposure for both health care workers and patients, including: cancelling elective surgeries and dental procedures, reducing in-person visits, conserving and purchasing personal protective equipment (PPE), building out temporary surge spaces, creating isolation spaces, and ensuring the right workforce and equipment was available to care for patients. A number of provider types had to temporarily cease services altogether or endure reduced admissions. This was the right thing to do for our patients and our staff, but these actions have had devastating financial impacts on our health care system, both immediate and long-term.

We are prepared to work closely with the Administration and the Legislature to develop a funding process that is equitable and “user-friendly” for our entire health care system, including: hospitals, nursing facilities, residential care homes and assisted living residences, home health and hospice agencies, long term care services and supports, primary care providers, dental offices, private provider offices, dental providers, mental health providers and community health centers.

Understanding there are limits on CRF funds and general funds moving forward, our provider groups maintain this package is critical. It’s challenging to produce detailed financial data at this juncture. Only about two months have passed since revenues began to plummet. Claims “runout” is normally 90 days. It will be some time before we can accurately produce revenue reports, particularly for providers who care for Medicare beneficiaries.

- **The Vermont Association of Hospitals and Health Systems** reported that Vermont hospitals have lost approximately **\$100 million per month** in net revenue over the last two months. Currently, hospitals are cautiously resuming non-urgent care while preparing for the potential next wave of COVID-19 cases. Vermont’s hospitals will need further resources to bolster their roles as first responders, triage centers, community service providers, disaster response coordinators, public information officers, and testing centers.
- **HealthFirst** estimates 20-30% of independent physician practices in the state may close due to financial losses. **The Vermont Medical Society** adds that **50% of physician groups in a nationwide study have lost more than half of their revenues**. 61% of primary care clinicians were uncertain about their practice’s ability to remain open after 4 weeks. Those that remain open will need to dramatically change how they deliver care, a challenge for workforce, training, infrastructure, and programs guaranteeing patient access. Comprehensive primary care includes

some services such as dental that dropped to almost nothing during the public health emergency.

- **The Vermont Health Care Association** states long-term care facilities are caring for those most vulnerable to COVID, while challenged by increasing costs, declining revenues, and workforce shortages. **Preliminary estimates indicate nursing facilities have seen reduced Medicare revenues in the range of 30%, coupled with significant Medicaid losses**, both due to reduced admissions. This situation is anticipated to continue into the foreseeable future. Ongoing financial support is critical to the continued ability to mitigate the impact of this virus on our older Vermonters.
- **Adult Day Services**, in order to assist with COVID 19 mitigation, were **forced to close** in mid-March. Despite accessing limited SBA loans and two Medicaid retainers, when they end, Adult Day Programs across the State will not be able to survive the pandemic without substantial financial stabilization support. They are incurring costs short of \$1million a month. Without stabilization support, this essential cornerstone of our health and human service system will collapse. The ripple effect of the potential loss of this essential industry will be far-reaching and ultimately more expensive for individuals, families and our State.
- **The Vermont Association of Naturopathic Physicians** reports its independent NDs, most in primary care, have seen a significant decrease in revenue, the hardest hit being those in rural areas. Telemedicine has helped, but not enough. It is uncertain how many will survive the loss in revenue.
- **Vermont Care Partners** is seeing the surge in psychiatric crisis, substance use disorders, anxiety and depression starting to hit Vermonters. It will strain our DA/SSA system of care beyond our current resources. Retainer payments to cover added costs of the pandemic including: PPE, IT/equipment, sanitization, added supports for families and shared living providers; enhanced pay to staff and facility adjustments have been essential to maintain support for Vermonters during the COVID-19 crisis. Without continuation of this supplemental funding DA's will be compromised in their ability to provide access for the most vulnerable children and adults with mental health conditions, developmental disabilities and/or substance use disorders
- **The VNAs of Vermont and Bayada Home Health & Hospice** report that home health and hospice agencies have been on the front line of Vermont's COVID-19 response, caring for vulnerable Vermonters safely at home, assisting hospitals with surge capacity, staffing special facilities for homeless individuals and much more. Where appropriate for the individual's care, agencies have moved to a blended model, providing some care directly at home and some in person. This has been particularly effective for therapies and maternal-child health. Unfortunately, under a blended model, agencies incur substantial Medicare reimbursement penalties. In addition, volumes are down across the system, partly because fewer surgeries means less post-surgical care at home and partly because some patients refused service out of fear. Agencies face significant increases in expenses for PPE, supplies and staffing. The National Association of Home Care and Hospice estimates that **most agencies are seeing revenue reductions between 15% and 20%**.
- **The Vermont State Dental Society** asked its members to **close their practices** on March 16 for patients seeking elective and non-urgent care. There is dire financial need amongst any small business that closed during this pandemic and dental offices are no different. A financial commitment to maintain the oral health of Vermont residents and stabilize the State's oral health system is vitally important.

In addition, at the request of legislators, our Coalition recently submitted a proposal for creation of workforce development grants accessible to providers to assist in addressing the exacerbation of the workforce shortage due to COVID. This effort was prior to the Administration's testimony that it intended to allocate a substantial amount of funding for the health care sector. Any workforce development funds should be separate from the overall financial relief package available to providers. The needs are great in both areas.

Please advance this funding package to meet the needs of our patients, our staff and communities now and through additional waves of COVID-19 and its aftermath. Your action can ensure that we are here to continue to care for Vermonters once this crisis is over.

Sincerely,

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cc:
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