

# Vermont Legislative Joint Fiscal Office

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## ISSUE BRIEF

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### A Brief History of the Home Health Provider Tax

#### Prior to 2016

- **Rate: 19.3% of Net Operating Revenues from Core Home Health Services.**<sup>1</sup>
- This equaled between 3.63 and 3.9% of net patient revenues (capped at 6% of net patient revenue).

#### Act 134 of 2016 (Misc. Tax Bill)

- Act 134 changed the methodology from percentage of net operating revenues from core home health services to percentage of net patient revenues for two years (FY 2017 and 2018).<sup>2</sup>
- **Rate: 3.63% of Net Patient Revenues.**
- Act 134 also required DVHA to convene a working group to determine whether the home health agency assessment represents “the most appropriate and equitable model for the assessment, or whether additional changes to the methodology are needed.”<sup>3</sup> The home health agencies met and came up with a proposal which was captured in Act 73 of 2017 (Misc. Tax Bill).

#### Act 73 of 2017 (Misc. Tax Bill)

- Act 73 changed the definition of “core home health and hospice services” based on recommendations from the VNAs of Vermont and Bayada Nursing Services.<sup>4</sup>
- **Rate: 4.25% of net patient revenues from core home health and hospice services.**
- Act 73 sunsets the home health agency provider tax on July 1, 2019.

#### Act 71 of 2019 (Revenue Bill)

- Act 71 changed the sunset from July 1, 2019 to July 1, 2021.

#### Revenues

- Revenues from all provider taxes are deposited into General Fund.<sup>5</sup>

**Home Health Provider Tax Revenues, FY 2012 - Est. FY 2022**

| FY 12       | FY 13       | FY 14       | FY 15       | FY 16       | FY 17       |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 4,548,206   | 4,529,917   | 4,097,040   | \$4,373,603 | \$4,488,435 | \$5,467,427 |
| FY 18       | FY 19       | FY 20       | Est. FY 21  | Est. FY 22  |             |
| \$4,699,521 | \$4,800,638 | \$5,582,364 | \$5,800,000 | \$5,800,000 |             |

<sup>1</sup> Prior to 2016 revenues from Medicare were specifically excluded from the home health provider tax.

<sup>2</sup> [Act 134 of 2016, Sec. 32](#)

<sup>3</sup> [Act 134 of 2016, Sec. 33](#)

<sup>4</sup> [Act 73 of 2017, Sec. 18](#)

<sup>5</sup> Prior to 2019, all provider tax revenues were deposited into the State Health Care Resources Fund. [Act 6 of 2019, Sec. 64](#) – the 2019 Budget Adjustment Act – reallocated these revenues to the General Fund.