VERMONT
Act 160 Summary

Vermont legislators sought to shift the balance from an emphasis on nursing facility utilization to a greater development and utilization of home and community based services in a 1996 law called Act 160. As a result, the nursing facility share of Vermont's Medicaid long-term care expenditures for older people and people with physical disabilities decreased from 90 percent in 1997 to 75 percent in 2000. Over the years that trend has continued so that in 2005 the split was 68% in nursing facilities and 32% in home and community based services. Act 160 linked increased funding for HCBS to a reduction in nursing facility expenditures. The state was directed to decrease the number of Medicaid bed-days according to a 4-year plan. In 1996, the state projected future nursing facilities expenditures for each year, assuming spending continued to increase 8% per year as it did between 1983 and 1996. If Vermont spent less than the projected amount, the state could use the cost savings to finance the development and expansion of home and community options.

Vermont's Department of Aging and Disabilities (DA&D as it was then called) made several policy changes to meet the goals of Act 160. For example, it changed Medicaid nursing facility reimbursement policy to give nursing facilities an incentive to focus on individuals who need rehabilitation or who have the most significant care needs. Previously, Vermont paid nursing facilities based in part on the case-mix of all their residents. The state changed this factor to consider only the case-mix of Medicaid participants.

Using Act 160 savings, the state expanded participants' opportunities to use Medicaid HCBS waivers. DA&D added community residential care (Enhanced Residential Care) and self- or surrogate-directed service options, and increased funding to serve more people on the waivers. In addition, the state changed the waiting list policy for its Medicaid home and community-based services waivers for older people and people with physical disabilities. Instead of serving applicants on a "first come, first serve" basis, Vermont gave higher priority to nursing home residents, hospital patients awaiting nursing home placement, people at risk of significant harm unless waiver services are provided, and people who had applied for nursing home admission.

One requirement of Act 160 was the creation of a statewide system of local Long Term Care Community Coalitions to work on ways to improve the infrastructure for home and community-based services. The coalitions work on ways to provide better overall coordination of the local long-term care system. Coalition members include participants, advocates, and many providers of long-term support, including Area Agencies on Aging, home health agencies, adult day centers, nursing facilities, hospitals and community residential care homes.