

Testimony for a 6.5% Increase in Designated Agency Medicaid Rates

My name is Rachel Lee Cummings and I am the Executive Director at the Counseling Service of Addison County (CSAC) and a resident of South Burlington. I am writing to advocate for a critical 6.5% Medicaid rate increase for Designated & Specialized Service Agencies, which are essential in providing state services to Vermonters.

I would like to express my gratitude to the legislature for their ongoing support of the DA/SSA system. Your attention to Medicaid rates over the last few years has meant CSAC has been able to increase our starting rate from \$14/hour to \$19/hour. We've increased our licensed clinician rates from \$22/hour to \$27.67/hour. This has made a huge difference to our retention and turnover. Thank you!

However, there is still a pressing need to address the funding disparities that have persisted over the years. This is essential for us to continue providing high-quality care and to manage increasing demands in mental health services.

At CSAC, we are deeply aware of the implications of current funding limitations:

- DAs and SSAs rely almost entirely on State funding through Medicaid and grants; and while other provider types have the ability to cost shift to other providers, with mental health and substance use services, there is an inverse cost shift onto Medicaid. This leaves us vulnerable to financial fluctuations.
- Mental health funding is capped for caseload, acuity, and cost of living, limiting our capacity to serve clients with greater needs and to expand our client base.
- Without rate increases, our operational costs rise, but our funding does not, effectively reducing our resources each year. This has led to longer waiting lists, especially for non-mandated individuals, increasing pressure on crisis programs.
- From fiscal year 2010 through 2021, the increases in Medicaid rates have not kept pace with the consumer price index, leading to a cumulative shortfall in funding compared to the rising costs of living and service provision. To illustrate, from fiscal year 2010 through 2021, the average annual increase provided DAs/SSAs was a mere 0.8%, cumulatively amounting to 9.4%. This is starkly contrasted with the average consumer price index of 1.8%, cumulating to 21.8%. Extending this to the additional two years for which CPI data is available, we see a cumulative increase of 1.5%/20.4% for DAs/SSAs versus 2.3%/32.5% for CPI. It's important to note that these increases cover only a subset of Medicaid funding paid by AHS, and for organizations offering substance use treatment programs, the increases are even lower.

To support Vermonters and address these challenges, a Medicaid rate increase of 6.5% is essential. This increase will ensure that agencies like CSAC can continue to provide vital mental health, substance use and developmental services to our community. Thank you for your time and thoughtful consideration of this urgent matter.

Rachel Lee Cummings, Executive Director
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