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**Budget Adjustment
 Factors Impacting the SFY '13 Budget**

SFY '13 BUDGET ADJUSTMENT (\$57,414,019) (gross) /\$32,447,911 (state)

The Department of Vermont Health Access (DVHA) budget adjustment request includes a decrease in program related expenditures of \$58,711,209 and an increase in Administration of \$1,297,190.

Program (\$58,711,209) (gross)
(\$33,013,097) (state)

There are myriad programmatic issues that comprise the \$58,711,209 decrease requested in our program budget. The details are as follows:

Caseload Revisions (\$6,004,878) (gross)
(\$2,638,934) (state)

DVHA engages in a consensus caseload estimate process with the Joint Fiscal Office, the Department of Finance and Management, and the Agency of Human Services when projecting caseload growth. Caseload appears to be leveling off more dramatically than anticipated resulting in a need for less funding than originally projected.

Medicaid Eligibility Group	Approp	BAA	Chg. In Caseload	Caseload Dollar Impact
ABD/Medically Needy Adults	14,445	14,189	(255)	\$ (1,776,294)
Dual Eligibles	17,155	17,215	60	\$ 169,290
General Adults	11,686	11,614	(72)	\$ (438,904)
VHAP	38,799	37,340	(1,459)	\$ (6,088,485)
VHAP ESI	810	807	(3)	\$ (7,958)
Catamount	11,440	11,582	142	\$ 768,811
ESIA	874	766	(108)	\$ (279,402)
BD Children	3,614	3,727	113	\$ 1,112,789
General Children	55,564	55,519	(45)	\$ (99,811)
Underinsured Children	943	1,029	86	\$ 62,054
SCHIP	4,017	4,017	0	\$ 750
Pharmacy Only	12,698	12,565	(133)	\$ (49,971)
Refugee	77	88	11	\$ 61,445
HIV Beneficiaries	70	99	29	\$ 16,693
Civil Union Beneficiaries	342	316	(25)	\$ (97,616)
Choices for Care Beneficiaries	3,758	3,859	101	\$ 641,730
Total	176,290	174,734	(1,557)	(6,004,878)

Utilization **(\$26,728,571) (gross)**
 (\$12,662,509) (state)

There are several categories of service for which actual spending to date is coming in less than expected. These include inpatient, physician, and dental. If this trend continues through the rest of the state fiscal year, we expect this fairly significant drop in utilization costs.

State-Only Pharmacy Rebate: One-Time Settlements **(\$3,000,000) (gross)**
 (\$3,000,000) (state)

In order to more effectively align our pharmacy rebate collections with expenditures paid in the state-only pharmacy program, DVHA implemented a change in our collections processes. This will result in a lower rebate collection rate per prescription but will yield a higher overall collection rate resulting in a net-neutral impact on the State. This change will allow us to now settle past-due receivables with the pharmaceutical companies resulting in one-time increased collections.

Buy-In Adjustment **(\$3,739,676) (gross)**
 (\$1,479,428) (state)

The federal government allows states to use Medicaid dollars to “buy-in” to Medicare on behalf of eligible beneficiaries who would otherwise be fully covered by Medicaid programs. This adjustment reflects needed changes due to caseload and pricing changes.

Brattleboro Retreat Adjustment **\$0 (gross)**
 \$0 (state)

Brattleboro Retreat inpatient services have historically been considered cost-effective treatment for our citizens. Because of this, Vermont has considered these Medicaid eligible (even though the Retreat is an IMD – Institute for Mental Disease). CMS disagreed with our position. Therefore, services that were historically Medicaid eligible must now be paid for with MCO investment dollars.

DAIL Managed Program Decisions **\$2,877,103 (gross)**
 (630,538) (state)

DVHA pays for the Choices for Care expenditures, but DAIL is responsible for managing the long-term care component. DAIL is implementing the following changes in the program:

- \$1/day increase in ACCS rates: \$350,000 (\$152,054 state)
- CMS Antipsychotic Initiative (one-time net neutral): (344,274) ((\$150,000) state)
- GF transfer to AHS: (\$428,482) ((\$428,482) state)
- GF transfer to DAIL: (\$204,110) ((\$204,110) state)
- Federal participation needed for GF carryforward use: \$3,503,969 (\$0 state)

Transfer of DVHA Funding to DMH for New Service Delivery **(\$6,823,321) (gross)**
 (\$2,959,976) (state)

With the use of the new evaluation tool in Children’s Personal Care Services some children that previously qualified for personal care will no longer qualify or will qualify for less. However we recognize that there is still a need. That need may be a combination of several services and supports and may include targeted case management/specialized rehabilitation (skills work, collateral contact, supportive counseling and service coordination), respite, or childcare/supervision. In order to support the DAs in providing appropriate services

and supports to more families, AHS diverted funding from the CPCS budget line and asked each DA to plan for the provision of additional services to families in a non-categorical manner regardless of MH or DS diagnosis.

Transfer of DVHA Funding to DCF for CIS (\$1,253,566) (gross)
(\$544,269) (state)

DVHA has also worked with DCF on funding a more cohesive program for children’s integrated services. This resulted in a need to transfer funding to DCF in order to allow DCF to pay for services previously covered by DVHA.

Transfer to VDH for Family Planning Initiative (\$2,000,000) (gross)
(\$871,400) (state)

In our SFY '13 budget submission, DVHA proposed to implement a birth control plus option initiative that offered individuals (men and women) - who were previously ineligible for Medicaid - family planning services and supplies. Due to information technology challenges, we are not able to operationalize the program as originally designed until a new eligibility system is in place. In the interim, the services are being provided through a grant with existing providers within VDH.

Cost Neutral Transfer from Program to Admin (\$1,225,000) (gross)
(\$554,870) (state)

DVHA proposed two approaches for cost savings in the SFY '13 budget that required some administrative support (better transportation management and multiple pharmacy changes). The costs of the contractual obligated were netted from savings in the original proposal. This moves the funding from program to administration.

GC Not Needed due to Fund Encumbrance (\$5,233,149) (gross)
(\$2,286,348) (state)

During SFY '12, DVHA discovered an erroneous under-payment on outpatient services. The intention was to have that correction made during SFY '12; however, processing the adjustment ended up taking longer pushing the costs into SFY '13. SFY '12 dollars were encumbered to be used to cover the costs in SFY '13, yet the costs came in less than the encumbered value. Therefore, not all of the carried-forward funds were needed.

Clawback Increase \$212,728 (gross)
\$212,728 (state)

States are required to reimburse the federal government for full-benefit dual beneficiaries enrolled in the part D program. Revised caseload estimates (19,449) are coming in slightly higher than expected (budgeted: 19,188).

State-Only Appropriation General Fund Carry-forward Use (\$5,792,879) (gross)
(\$5,792,879) (state)

DVHA carried forward general fund dollars from SFY '12 in anticipation of need around the state-only pharmacy initiative. Due to the continued collections of rebates on retroactive billings, this general fund is not needed.

Cost Neutral Adjustments Between DVHA Appropriations \$0
\$195,326 (state)

During the budget development process, often times the dollars associated with policy decisions are added to or subtracted from the DVHA Global Commitment appropriation. However, these decisions typically impact all DVHA appropriations; therefore, funds are being redistributed from the Global Commitment appropriation to the other three DVHA program areas.

Administration \$1,297,190 (gross)
\$565,186 (state)

Cost Neutral Transfer from Program to Admin \$1,225,000 (gross)
\$554,733 (state)

DVHA proposed two approaches for cost savings in the SFY '13 budget that required some administrative support (better transportation management and multiple pharmacy changes). The costs of the contractual obligated were netted from savings in the original proposal. This moves the funding from program to admin.

Allocated DII Server Cloud \$72,190 (gross)
\$31,453 (state)

The Department of Information & Innovation changed how they calculated the charge to departments for Internal Service Funds for FY12. This is a true up of the allocation that was originally allocated 100% to the AHS Central Office and reflects the amount of cost that will need to be covered by DVHA.

	GF	SF	IdptT	FF	ARRA Fed	Medicaid GCF	Invmnt GCF	Total
DVHA Administration - As Passed FY13	941,059	1,552,963	4,077,117	79,787,828	76,790	37,855,379	7,372,757	131,663,893
Adjustments:								
Total Adjustments	0	0	0	0	0	0	0	0
Total After FY13 Adjustments	941,059	1,552,963	4,077,117	79,787,828	76,790	37,855,379	7,372,757	131,663,893
FY13 After Adjustments								
Personal Services:								
Pharmacy Savings Initiative Netted Admin Costs						725,000		725,000
Transportation Savings Initiative Netted Admin Costs						500,000		500,000
Operating Expenses:								
Allocated DII Server Cloud						72,190		72,190
Grants:								
FY13 Changes	0	0	0	0	0	1,297,190	0	1,297,190
FY13 BAA Gov Recommended	941,059	1,552,963	4,077,117	79,787,828	76,790	39,152,569	7,372,757	132,961,083

	GF	SF	IdptT	FF	ARRA Fed	Medicaid GCF	Invmnt GCF	T total
DVHA Programs - As Passed FY13 Adjustments	134,033,397	0	0	139,424,315	0	672,639,153	1,414,929	947,511,794
Total Adjustments	0	0	0	0	0	0	0	0
Total After FY13 Adjustments	134,033,397	0	0	139,424,315	0	672,639,153	1,414,929	947,511,794
FY13 After Adjustments								
Grants:								
Caseload	287,381			424,095		(6,635,432)	(80,923)	(6,004,878)
Utilization	(6,121,794)			(1,709,337)		(22,264,135)	366,695	(29,728,571)
Change in Buy-in	(29,657)			(382,565)		(3,298,608)	(28,846)	(3,739,676)
Brattleboro Retreat from Medicaid to Investment	0			0		(5,225,595)	5,225,595	0
Enhance ACCS Rate by \$1 (Part of DAIL's Carryforward Usage)	5,767			8,480		335,405	349	350,000
Transfer of DVHA funding to other departments for new service delivery	(30,776)			(69,572)		(6,722,973)		(6,823,321)
Transfer from DVHA to DCF for CIS	(4,350)			(10,017)		(1,238,241)	(958)	(1,253,566)
Transfer Family Planning Funding to VDHA						(2,000,000)		(2,000,000)
Transportation Savings Initiative Netted Admin Costs	(56,906)			(74,188)		(368,168)	(738)	(500,000)
Pharmacy Savings Initiative Netted Admin Costs	(49,121)			(14,619)		(659,076)	(2,185)	(725,000)
GC Not Needed due to Funds for ER Rate Correction Encumbered						(9,345,665)		(9,345,665)
One-time ER rate correction	14,271			32,863		4,062,238	3,144	4,112,516
Change in Clawback	212,728							212,728
GF carryforward from SFY '12	(5,792,879)							(5,792,879)
Federal Participation Needed for GF Carryforward Initiatives				3,503,969				3,503,969
G.F. Transfer to AHS for Carryforward Initiatives	(428,482)							(428,482)
G.F. Transfer to DAIL for Carryforward Initiatives	(204,110)							(204,110)
Transfer from CFC Base Budget \$150,000 GF to DAIL Grants for CMS								
Antipsychotic Initiative (one time, net-neutral)	(150,000)			(194,274)				(344,274)
Technical Adj. to CFC Due to Conf. Committee Chgs.	31,356			40,612		(71,968)		0
Technical Adj. to State Only Due to Conf. Committee Chgs.	31,668			0		(37,173)	5,505	0
Technical Adj. to non-Waiver Due to Conf. Committee Chgs.	206,635			(139,665)		(66,970)		0
FY13 Changes	(12,078,269)	0	0	1,415,781	0	(53,536,360)	5,487,639	(58,711,209)
FY13 BAA Gov Recommended	121,955,128	0	0	140,840,096	0	619,102,793	6,902,568	888,800,585
TOTAL FY13 DVHA Big Bill As Passed	134,974,456	1,552,963	4,077,117	219,212,143	76,790	710,494,532	8,787,686	1,079,175,687
TOTAL FY13 DVHA Adjustments	0	0	0	0	0	0	0	0
TOTAL FY13 DVHA Starting Point	134,974,456	1,552,963	4,077,117	219,212,143	76,790	710,494,532	8,787,686	1,079,175,687
TOTAL FY13 BAA DVHA ups & downs	(12,078,269)	0	0	1,415,781	0	(52,239,170)	5,487,639	(57,414,019)
TOTAL FY13 BAA DVHA Gov Recommended	122,896,187	1,552,963	4,077,117	220,627,924	76,790	658,255,362	14,275,325	1,021,761,668