

Testimony to the House Appropriations Committee
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1. Designated Agency Consolidation

Consolidation of Designated Agencies is in not achievable on a short term basis. Each agency is designated by statute, rule and contract to achieve specific mandates. Each non-profit is governed by a Board of Directors to address specific and unique community needs. Communities have strong commitments to their local agency and would not want to lose local control and responsiveness. In developmental services the specialized agencies were developed to provide unique approaches to care for specialized populations and have extremely strong ties with those they serve.

The size of the savings proposed is unrealistic. The current rates for administration average below 10%, significantly below the industry benchmark and other nonprofit health and human service agencies in Vermont. Given that the majority of our resources are invested in direct service staff, the number of the agencies has limited impact on overall costs. Management staff would still be required for satellite offices given the geographic distribution and rural and geographic nature of the State.

Currently, the agencies have similar geographic distribution to hospitals, home health agencies and AHS district offices creating cohesive local service delivery regions. Regional collaboratives are being developed through the VHCP grant, ACOs and Blueprint which are based on the current regional distribution of agencies. These regional collaboratives will create long term savings as analytical systems are implemented and systemic service are optimized to reduce utilization of high cost services and improve population health.

The 5 agencies which serve individuals with Developmental Disabilities share one business office through ARIS and have administration rates that go as low as 3.7%. So consolidated business offices have already achieved the significant savings. Designated agencies have responsibilities to analyze and plan for local systems of care and conduct intake, assessments and referrals, with a zero-reject policy for eligible Vermonters, leading to somewhat higher administrative expenses than the specialized service agencies.

An alternative approach is to consolidate administrative infrastructures through Vermont Care Partners. Vermont Care Partners is working to develop a centralized data repository, which includes work on data quality. Further opportunities to developed shared information technology resources will continue to be explored and developed, but we are not in the position to develop these savings in the short term. Federal grant funds are supporting this work. Opportunities for Vermont Care Partners to develop shared purchasing and business functions to include: IT systems, Human Resources software, billing functions and joint purchasing ventures will continue to be expanded and have created ongoing savings to date.

2. Developmental Services Caseload Reduction

This reduction would be in addition to the \$1.96 Million reduction already proposed by the Administration, leading a total reduction of \$4 million in FY'16. Developmental Services have already had \$14 million in reductions over the last 6 years. It is our belief that the people we serve should not endure further reductions in their services.

After discussions with the DAIL commissioner, no viable savings initiatives have been identified for the \$1.96 funding reduction. The Commissioner recently proposed assigning each DA/SSA a savings target in July. This would effectively be a rescission as in previous years.

In FY'15 we are running below the projected expenditures of new caseload. The Council was hoping to absorb as much of the original \$1.96 million through managing the FY'15 and FY'16 caseload and had requested the opportunity to revisit the funding during the FY'16 budget adjustment process and/or through developing a wait list of the end of FY16 if adequate caseload funds are not available. It is essential that unused caseload in FY'15 be carried forward into FY'16.

If there is substantial carry-forward and an additional \$2 million reduction goes forward without service reductions, the projected caseload shortfall in FY'16 could result in about 68 people wait listed until new funds become available in FY'17. This projection is based on averages however the demand for new caseload is quite variable.