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Agency of
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TO: Representative Mitzi Johnson, Chair, House Appropriations Committee
Representative William Lippert, Chair, House Health Care

FROM: Lori Collins, Commissioner 

DATE: February 11, 2015

RE: Responses to Questions Posed During February 5, 2015 Testimony

During DVHA's testimony in front of your joint committees, you had requested additional information on the items detailed below. If any additional clarification is required, please do not hesitate to contact me.

When does the 90%/10% funding end for the current Health Home model? 90%/10% funding is available for rolling two-year periods, depending upon the date of implementation of the program. Nine counties participated in the first wave of operations, effective July 1, 2013 through June 30, 2015. The second phase of implementation covers the timeframe January 1, 2014 through December 31, 2015; and five counties established programs associated with this time period.

How many positions were budgeted for Vermont Health Connect sustainability in the budget adjustment as compared to in the '16 Governor's recommended budget? Following is a list of positions that is projected to support the Vermont Health Connect operational needs, both in SFY '15 and SFY '16:

SFY '15 Budget (Jan-Jun 2015):

DVHA: 29
DII: 6.75
DFR: 2
ASH HSB: 3
ESD/HAEU: 36 (in DCF's base admin appropriation)
ESD/Appeals: 5 (in DCF's base admin appropriation)
ESD/HAEU: 87
Total: 168.75 FTEs

SFY '16 Budget:

DVHA: 44
DII: 2
ASH HSB: 3
ESD/HAEU: 36 (in DCF's base admin appropriation)
ESD/Appeals: 5 (in DCF's base admin appropriation)
ESD/HAEU: 0 (14 of the positions listed above expire 12/31/15; 73 expire 6/30/15)
Total: 90 FTEs

Specifically what is included in the Governor's proposal that requires a new funding stream in order to cover the cost? Since the Governor's proposal includes increases that span broader than the DVHA budget, Emily Byrne from the Department of Finance and Management will be providing you with this information.

Please provide a detailed explanation as to why the call center contract has such a significant increase over the budget adjustment values: Call length and volumes in this new VHC venture still have not normalized, making it difficult to forecast anticipated volumes. So, to protect the State from being overcharged in a flat fee contract in an uncertain landscape, for the past 2 years, we have negotiated a variable rate contract that is partially based on actual talk time minutes rather than a flat rate regardless of the call volume and talk minutes.

This fiscal approach is a standard contracting method in the outsourced call center industry. It encourages best practice behavior from the vendor to service the caller based on their needs, not an artificial time limit. Additionally, it protects the State from paying for services never delivered if call volumes are less than anticipated.

When the FY16 budget was submitted, actual volumes from July, August and September of 2014 were way above expectations. Volume forecasts and associated budget \$\$ for FY16 were increased because:

1. The July-September uptick in call volume
2. The anticipation of 1095 form tax questions January-April
3. The possibility of SHOP going live
4. The uncertainty of improved Siebel functionality

Negotiations for the FY16 contract have begun, and with more history behind us for November, January and February, we expect to end up coming within the \$11million budgeted.

Please provide a detailed explanation as to why the premium processing contract has such a significant increase over the budget adjustment values: The premium processing contract value is dependent upon caseload values. Here are the estimates that were used to derive the amounts in the SFY '15 BAA and SFY '16 budget (though actual payments to the contractor will be based on actual enrollment counts)

Jan-Jun 2015 Proposed PMPM Pricing:

Subscribers (QHP and/or Medicaid) 36,796 @ \$5.74 = \$211,209

Medicaid \$0 Premium 36,033 @ 2.75 = \$99,091

SHOP 0 @ 1.67 = \$0

Monthly cost assumed for budget files \$310,300

Jul-Dec 2015 Proposed PMPM Pricing

Subscribers (QHP and/or Medicaid) 36,796 @ \$5.74 = \$211,209

Medicaid \$0 Premium 36,033 @ 2.75 = \$99,091

SHOP 40,352 @ 1.67 = \$67,388

Monthly cost assumed for budget files \$377,688

Jan-Jun 2016 Proposed PMPM Pricing

Subscribers (QHP and/or Medicaid) 46,400 @ \$5.74 = \$266,336

Medicaid \$0 Premium 36,431 @ 2.75 = \$100,185

SHOP 61,528 @ 1.67 = \$102,752

Monthly cost assumed for budget files \$469,273

What makes up the \$1 million “other” category under contracts and grants? The Deputy Commissioner for the Vermont Health Connect requested we add 2.5% to Contract and Grants line to reflect the fact that majority of contracts are not yet negotiated and variances are likely to occur and that we were told to budget each contract line item aggressively.