

February 4, 2014
House Human Services Committee
Testimony of AHS Secretary Doug Racine
AHS Budget Proposals FY2015
(All figures are General Fund unless noted otherwise)

Overall the budget proposal for AHS makes a variety of changes to the individual department appropriations from the 2014 Budget. We are presenting a budget of just under \$2.4B when adjusted for the Global Commitment double count in the appropriations. The AHS budget reflects an overall increase from FY13 appropriated of \$179.3M and \$58M General Fund. This is a 8.2% and 9.9% increase respectively. However, \$32.6M or 56% of the increase in GF covers the replacement of one time funds used in SFY14 within the AHS Global Commitment Appropriation. This summary will skip over items discussed in the BAA.

Before I discuss the Governor's FY15 budget I would like to discuss the ongoing needs to replace 35 year old legacy computer system.

Some of the items you will see across the AHS departments include:

- Creation of 3 new positions
 - 2 Positions in support of the autism services at DVHA - \$168K Global Commitment Fund
8 V.S.A. § 4088 requires services to be available for children with autism. DHVA has worked with the other departments to identify appropriate service-level coverage and reimbursement options to ensure children receive the adequate care they are due. Part of the management of this new treatment requires prior-authorization for the service, and it is expected there will be an influx of grievances and appeals based on this coverage.
 - 1 Position at DCF – 1 Financial Specialist needed to assist in the VISION process for 1,100 state employee expenses due to the changes in the Time and Labor module.
- Annualizing salaries and associated fringe costs \$16.9 M Gross
- Department rents seen in BAA no longer covered by FEMA \$3.3M Gross
- Changes for internal service funds \$2.3M Gross
- Annualization of the FY14 Medicaid rate increase \$9.3M
- A six month 2% increase for SFY15 \$9.7M Gross
- The annualization of the Leahy bump of 2.2% Medicaid Federal Match compensates for the 1.1% decrease in the Medicaid Federal Match
- General Fund carry forward of \$1.1M from 2014 to fund Long Term Care Services and reinvestments in DAIL.
- Discussion of Exchange
 - Claims assessment increase of \$14M

Below find some highlights of items within Departments that the Commissioners will be in to discuss with you further.

AHS CO

- Requested \$34K (10%) increase in service coordination contracts for AHS field directors.

DVHA

- Funded consensus caseload and utilization
- Requesting \$3.7M Gross and 2 positions to meet our obligations under EPSDT

VDH

- Care Alliance for Opioid Addiction Expansion (Hub and Spoke) – \$8.0M from Global Commitment funds
- Laboratory moving costs \$300K

DMH

- Assumes new state hospital in Berlin will open in July 2014 and that the Morrisville facility will close. Includes 64 repurposed existing State positions.
- Expansion of Substance Abuse/Mental Health Services Program for TANF recipients \$1.2M Gross

DCF

- Fund changes due to most Medicaid eligibility work no longer done in the district offices \$1.3 M
- STARS increase \$812K
- CCFAP Increase to reach 2014 Federal Poverty Level \$740K
- Vermont Rental Subsidy Program (VRSP) Increase from \$500K to \$1M
- Temporary housing and support service need discussed during BAA \$1.3M
- Increase for Emergency Shelters \$300K
- Increase for family supportive housing \$200K
- Reach Up Caseload Decrease \$1.6M

DDAIL

- Funded DS Caseload at \$8.7M Gross

Commissioners for the various AHS departments will give details on the specific changes in department budget requests.