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**Budget Adjustment
 Factors Impacting the SFY '14 Budget**

SFY '14 BUDGET ADJUSTMENT \$20,600,632 (gross) /\$7,735,950 (state)

The Department of Vermont Health Access (DVHA) budget adjustment request includes an increase in program related expenditures of \$20,600,632.

There are several programmatic issues that comprise the \$20,600,632 increase requested in our program budget. The details are as follows:

Caseload Revisions \$270,164 (gross)
\$150,399 (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 projections are running close to the appropriation estimates; though there are minor adjustments required.

Medicaid Eligibility Group	Caseload Approp	Caseload BAA	Chg. In Caseload	Caseload Dollar Impact
ABD/Medically Needy Adults	14,360	14,660	300	2,167,600
Dual Eligibles	17,800	17,351	(449)	(1,246,024)
General Adults	11,993	11,550	(442)	(2,606,978)
VHAP	37,652	37,921	269	1,117,396
VHAP ESI	785	764	(21)	(18,883)
ESIA	789	772	(17)	(13,397)
New Adult	34,490	34,834	344	797,785
BD Children	3,740	3,712	(28)	(221,943)
General Children	55,762	55,646	(116)	(256,028)
Underinsured Children	993	874	(119)	(77,885)
SCHIP	4,180	4,174	(5)	(9,035)
Pharmacy Only	12,669	12,510	(159)	310,520
Refugee	109	70	(39)	(176,503)
HIV Beneficiaries	80	97	17	6,730
Civil Union Beneficiaries	326	377	51	292,342
Choices for Care Beneficiaries (Acute Only)	3,850	3,884	34	204,467
Total	199,579	199,197	(382)	270,164

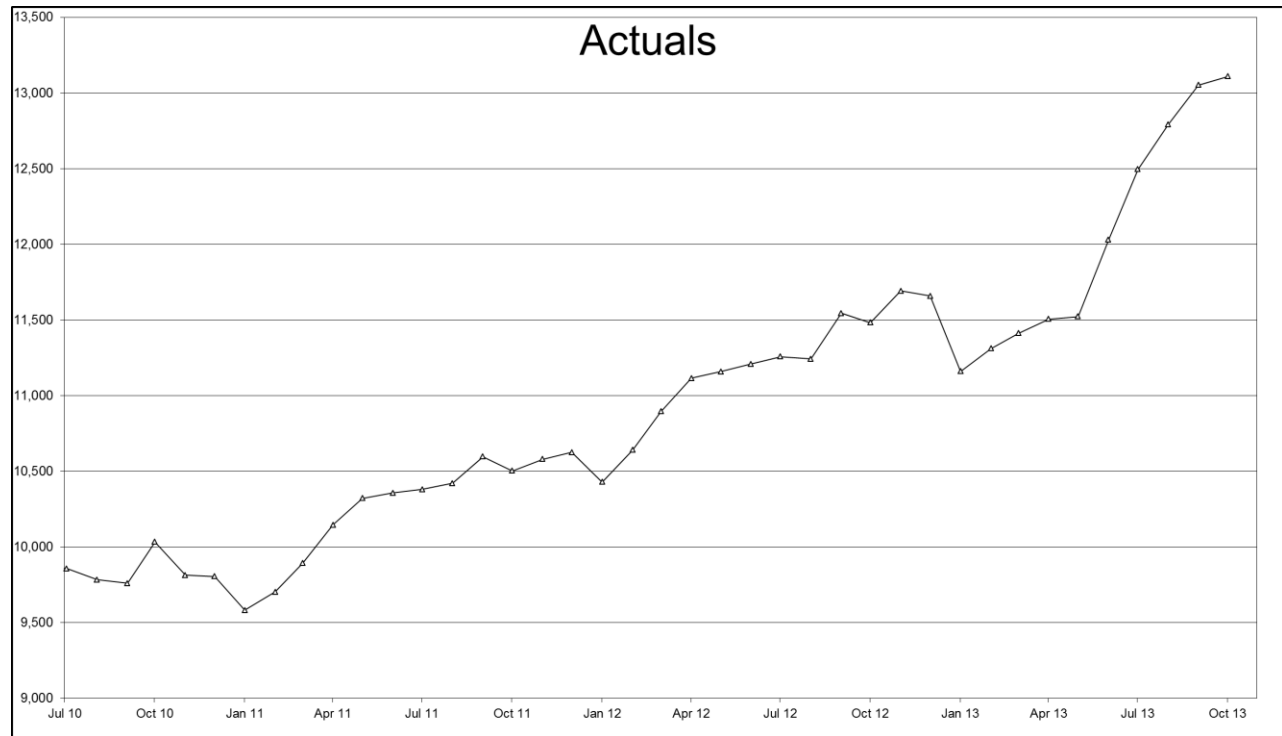
Utilization \$11,827,539 (gross)
\$5,777,595 (state)

There are several categories of service for which actual spending to date is coming in more than expected. The biggest driver is in inpatient costs. There are several compounding factors that result in a \$7 million increase in this area including 4 outlier claims (1 liver and intestinal transplant and 3 congenital

abnormalities) and a significant spike in prior-year claims not being invoiced until this year. Other categories of service experiencing higher than expected costs are outpatient, physician, and pharmacy. Additionally, drug rebate collections are less than originally anticipated. This is predominantly driven by the past-due receivables (due to a retroactive change in process) being fully satisfied.

Catamount Caseload and Utilization \$4,517,329 (gross)
\$1,967,749 (state)

The Catamount program is experiencing an unexpected growth in enrollment. This has resulted in a change in our caseload estimate from 12,372 to 13,208 individuals (on an average member month basis) accessing the benefit. Additionally, the major insurer offering the Catamount product negotiated a rate increase higher than anticipated resulting in an additional \$3.1 million in cost.



Brattleboro Retreat Adjustment \$1,299,950 (gross)
\$566,258 (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. The Retreat utilization is coming in higher than originally anticipated, resulting in a \$1.3 million increase in our MCO investment appropriation. As a result, there is both a change in funding source and funding amount related to the Brattleboro Retreat.

Temporary Support Services \$3,538,239 (gross)
\$1,541,257 (state)

AHS issued regulations clarifying what personal care services individuals are eligible for. These funds in the BAA are for transitioning people off personal care as their eligibility is re-determined.

DAIL Managed Program Decisions \$2,850,763 (gross)
(659,532) (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:

- Federal participation needed for GF carryforward use: \$4,364,841 gross (\$0 state)
- Nutrition reinvestment moved to DAIL grants: (\$482,094) gross ((\$210,000) state)
- SASH reinvestment transfer to DAIL grants: (\$50,505) gross ((\$22,000) state)
- One-time Veterans' Home settlement: (\$981,479) gross ((\$427,532) state)

Buy-In Adjustment (\$2,119,581) (gross)
(\$724,175) (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.

Transfer of DVHA Funding to DCF for CIS (\$1,144,754) (gross)
(\$498,655) (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. An increase will be reflected in the DCF BAA proposal.

State-Only Appropriation General Fund Carry-forward Use (\$439,017) (gross)
(\$439,017) (state)

DVHA carried forward general fund dollars from SFY '13 in anticipation of need around the state-only pharmacy initiative. All general fund need was built into the overall budget adjustment request, thus the carry-forward funds are not needed.

Technical Adjustments Between DVHA Appropriations \$0
\$54,071 (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.

GF	FF	Medicaid GCF	Invmnt GCF	Total
FY 14 Department BAA Request - DVHA				
DVHA Program - As Passed FY14	138,646,986	656,405,249	7,117,827	936,855,327
Grants:				
Caseload	(67,313)	32,391	299,073	270,164
Utilization	1,260,157	9,118,664	(632,151)	11,827,539
Catamount Caseload		1,405,702		1,405,702
Catamount Utilization		3,111,627		3,111,627
Brattleboro Retreat Increases			1,299,950	1,299,950
Temporary Support Services			3,538,239	3,538,239
Impact of exchange delay				
Federal Receipts Needed Related to G.F. Carryforward Commitments	4,364,841			4,364,841
CFC Reinvestment of SFY '13 Carryforward - Nutrition Reinvestment moved to DAIL Grants (AHS GF net neutral)	(210,000)			(482,094)
CFC Reinvestment Transfer - SFY '13 Carryforward funds SASH (\$50,505 gross to DAIL grants - AHS GF net neutral)	(22,000)			(50,505)
One-Time Veterans' Home Settlement	(427,532)			(981,479)
Change in Buy-In	(13,358)	(1,617,624)	(14,187)	(2,119,581)
Transfer from DVHA to DCF for CIS (AHS net neutral)		(1,144,754)		(1,144,754)
LESS: G.F. Carryforward	(439,017)			(439,017)
Technical Adj. to CFC Due to Conf. Committee Chgs. & Rate Increases				
Technical Adj. to State Only Due to Conf. Committee Chgs. & Rate Increases	707,707	(1,624,671)		
Technical Adj. to non-Waiver Due to Conf. Committee Chgs. & Rate Increases	131,106	(162,582)	31,476	(0)
	44,140	(147,073)		(0)
FY 14 BAA Ups and Downs	5,248,623	8,971,680	4,522,400	20,600,632
TOTAL FY 14 BAA DVHA Starting Point	138,646,986	656,405,249	7,117,827	936,855,327
TOTAL FY 14 BAA DVHA ups & downs	5,248,623	8,971,680	4,522,400	20,600,632
TOTAL FY 14 BAA DVHA Request	143,895,609	665,376,929	11,640,227	957,455,959