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S.107

Introduced by Senators Kitchel, Ashe, Campbell, Flory, Mazza, Nitka,  
Snelling, Starr, Westman, and White

Referred to Committee on

Date:

Subject: Executive; health; human services; Agency of Health Care  
Administration

Statement of purpose of bill as introduced: This bill proposes to create an  
Agency of Health Care Administration.

An act relating to the Agency of Health Care Administration

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. FINDINGS

The General Assembly finds that:

(1) The Agency of Human Services was established by legislation enacted in 1970. By design, it became an umbrella agency that combined the Departments of Social Welfare, of Mental Health, of Health, and of Corrections as well as several small offices and boards.

(2) In 1970, large institutions dominated the service delivery system. The Brandon Training School, serving Vermonters with developmental disabilities, had a census of over 600. The Vermont State Hospital in

1 Waterbury, serving Vermonters with severe mental illness, had a census of  
2 approximately 1,200. The Weeks School in Vergennes served 275 delinquent  
3 or unmanageable youth. The State Prison in Windsor was operating and the  
4 community correctional system did not exist. Medicaid coverage was limited  
5 to beneficiaries of public assistance, nursing home patients with limited  
6 income and resources, and medically needy individuals.

7 (3) In 1973, the Department of Social and Rehabilitation Services was  
8 created in response to a federal mandate for separate administration of the  
9 income maintenance function for social services for welfare-dependent  
10 families. A number of employment and social service programs were  
11 combined within the Department. Over the years the jurisdiction of the  
12 Department of Social and Rehabilitation Services included alcohol and drug  
13 abuse programs, blind and visually impaired individuals, disability  
14 determinations, social services and child welfare, the Woodside Juvenile  
15 Rehabilitation Center, licensing, and child care. In addition, the Agency of  
16 Human Services took over vocational rehabilitation from the Department of  
17 Education and established a new Office of Economic Opportunity.

18 (4) In 1975, the Child Support Unit was added to the Department of  
19 Social Welfare to establish and enforce child support orders. In 1990, a  
20 separate Office of Child Support was created.

1           (5) In 1980, a Fuel Assistance Program was created with the passage of  
2           the federal Low Income Home Energy Assistance Program (LIHEAP)  
3           legislation. This program has been administered by the Department of Social  
4           Welfare and its successor ever since.

5           (6) In 1983, a law requiring mandatory reporting of child abuse and  
6           neglect took effect. In 1982, the year before this law went into effect, there  
7           were 386 reports of child abuse or neglect. In 1983, the first year of mandatory  
8           reporting, the number of reports for investigation increased nearly 500 percent  
9           to 1,875.

10           (7) In 1986, the Reach Up program was created to assist welfare parents  
11           to become self-sufficient and self-supporting.

12           (8) In 1989, Dr. Dynasaur was established, providing health coverage  
13           for pregnant women and for children under seven years of age. VScript was  
14           created to provide discounts, and later partial subsidies, to aged Vermonters  
15           and Vermonters with disabilities.

16           (9) During 1990 and 1991, the Office of Aging was transformed into the  
17           Department of Aging and Independent Living.

18           (10) In 1993, eligibility for Dr. Dynasaur was expanded to provide  
19           health care coverage to children through 18 years of age living in households  
20           with income up to 300 percent of the federal poverty level (FPL).

1           (11) In 1994, the Welfare Restructuring demonstration project  
2           legislation passed. The Reach Up program expanded to support individualized  
3           case planning for families and to include work and training requirements.

4           (12) In 1995, legislation passed creating the Vermont Health Access  
5           Program pursuant to a Medicaid Section 1115 waiver to extend Medicaid  
6           eligibility to adults without children or a disability with income up to  
7           150 percent FPL and adults with children up to 175 percent FPL. The waiver  
8           and savings projections were built around the introduction of managed care  
9           concepts for certain Medicaid beneficiaries.

10           (13) In 2003 and 2004, an Agency of Human Services reorganization  
11           effort intended to break down silos across departments resulted in the structure  
12           of the Agency today. The Office of Health Access began functioning as an  
13           independent entity and was elevated to a department in 2010.

14           (14) In 2004 and 2005, Vermont began operating under the Choices for  
15           Care and Global Commitment Medicaid Section 1115 waivers. Choices for  
16           Care provides older Vermonters and Vermonters with disabilities a choice  
17           between receiving long-term care services in a nursing home or through  
18           home- and community-based services. The Global Commitment waiver  
19           provides Vermont with flexibility in its Medicaid program. The waiver  
20           imposes a cap on the amount of federal Medicaid funding available to Vermont  
21           to provide acute care services to its Medicaid population. In exchange for

1 taking on the risk of operating under a capped funding arrangement, the waiver  
2 allows Vermont to use federal Medicaid funds to finance a broad array of the  
3 State's own non-Medicaid health programs.

4 (15) In 2006, Vermont passed 2006 Acts and Resolves No. 191, entitled  
5 An act relating to health care affordability for Vermonters. The act created  
6 Catamount Health, which expanded health care assistance through premium  
7 subsidies for adults up to 300 percent FPL. The act also established the  
8 Blueprint for Health, which is a program for integrating a system of health care  
9 for patients, improving the health of the overall population, and improving  
10 control over health care costs by promoting health maintenance, prevention,  
11 and care coordination and management.

12 (16) In 2010, the U.S. Congress passed the Patient Protection and  
13 Affordable Care Act, Pub. L. No. 111-148. This sweeping legislation makes  
14 the most significant changes to Medicaid since its creation in 1965. Key  
15 provisions include:

16 (A) A new national income standard for Medicaid eligibility for all  
17 adults. In fiscal year 2016, nearly 49,000 adults in Vermont will receive  
18 Medicaid under this new standard.

19 (B) Improved coordination of care and services for individuals who  
20 are eligible for both Medicare and Medicaid.

1           (C) Reductions in Medicaid disproportionate share hospital  
2 payments.

3           (D) Increased federal funding for the Children’s Health Insurance  
4 Program, which is one of the funding sources for Dr. Dynasaur, as well an  
5 enhanced federal medical assistance percentage for adults newly eligible for  
6 Medicaid and time-limited payment increases for primary care providers.

7           (E) A requirement that each state establish a health benefit exchange  
8 or allow the federal government to operate an exchange on its behalf.

9           (17) In 2011, Vermont enacted 2011 Acts and Resolves No. 48, which  
10 established the Vermont Health Benefit Exchange, created the Green Mountain  
11 Care Board, and laid the framework for Green Mountain Care, a publicly  
12 financed program of universal and unified health care for all Vermont  
13 residents.

14           (18) It is now 2015, and the organizational construct that brought  
15 together four departments in 1969 is no longer adequate for today’s  
16 complexities and demands for accountability. Nowhere has the change been as  
17 dramatic as with health care. The role of State government in the financing,  
18 oversight, delivery system transformation, and health care marketplace has  
19 grown to the point where these functions require dedicated management and  
20 administrative leadership. Likewise, social and economic services and child

1 and adult protection responsibilities have been significantly expanded and need  
2 the attention of more focused management.

3 (19) The breadth and scope of the programs in the Agency of Human  
4 Services, its statutory obligations, its funding streams, and its other  
5 responsibilities are beyond the capacity of one individual agency head to  
6 oversee and manage effectively. Health care expenditures now constitute over  
7 25 percent of total State spending, second only to spending on K-12 education.

8 (20) Creation of an Agency of Health Care Administration would  
9 provide the necessary organizational framework, aligned with the Blueprint for  
10 Health model, for a unified, systematic approach to the administration of health  
11 care policy and financing. It reflects that dramatic changes have occurred  
12 since 1970 in how coverage has been expanded to achieve the public policy  
13 goal of universal coverage and in how care is delivered and financed. The  
14 Secretary of this Agency would be a member of the Governor's Cabinet,  
15 which would provide clear and direct accountability for the administration of  
16 programs that constitute some of Vermont's largest expenditures.

17 Sec. 2. AGENCY OF HEALTH CARE ADMINISTRATION; INTENT

18 It is the intent of the General Assembly to consolidate the administration of  
19 health care in State government in a new Agency of Health Care  
20 Administration.

1       Sec. 3. EFFECTIVE DATE

2       This act shall take effect on passage.