

Senate Appropriations Committee January 22, 2015
AHS Budget Adjustment Proposals SFY 2015

(All figures are General Fund unless noted otherwise)

I have sent to the Committee especially for the newer members an overview description of the Departments and major units within Agency of Human Services (AHS).

Overall the AHS budget adjustment proposal makes a variety of changes to the individual department appropriations from the original 2015 Budget, and reflects a requested decrease of \$11.6M, after other adjustments through the rescission of \$17.3M. This is a combined 4.5% decrease from the original general fund appropriation. For the most part, the requested budget adjustment does not contain the many policy items that you will see in the FY16 requested budget.

The AHS original appropriated was \$3,616,179,557(Gross). Subsequent rescissions and management reductions of \$44.7M lowered this amount to \$3,571,404,525. The AHS requested budget adjustment for a \$37.7M (Gross) would increase the appropriated amount to \$3,609,070,697 still below the original appropriated amount.

Items in the ‘yellow section’ of the ups/downs sheets reflect actions already taken. Most are actions of the Joint Fiscal Committee (JFC) approved rescission in August, and a few reflect the management savings authorized in Section B.1103 of Act 179. [Big Bill]

Similar to other years, you will see a variety of net neutral adjustments across AHS departments that reflect adjustments to caseloads and service delivery to best serve AHS consumers. Also, Departments have proposed a variety of other administrative reductions to assist with the State’s revenue shortfall. Departments have rent increases for St Albans, Hartford, and rent adjustments related to the movement of departments among locations in Williston.

You will see position movements in several Departments, most notably AHS Central Office (CO), Department for Vermont Health Access (DVHA), and the Department for Children and Families (DCF), that reflect changes in the management structure for the AHS information technology (IT) projects and consolidating Medicaid coverage and eligibility policy, and related AHS IT oversight decisions within the AHS CO.

AHS CO

You will see a transfer of thirteen positions related to the above described medicaid policy and IT staff decisions. These do not appear budget neutral due to the terms of the Global Commitment (GC) waiver where AHS CO positions are treated as ‘traditional’ Medicaid funding 50/50 funding while in the Departments the positions are funded at the Medicaid program rate of 55/45. The enhanced funding from the Implementation Advanced Planning Documents (IAPD) or the Center for Consumer Information and Insurance (CCIO) grant funding is not affected by these transfers.

The AHS CO appropriation includes funding for one Administrative Services Director position allocated from the position pool to AHS CO and one Director of Emergency Management limited service position. These positions previously were core functions of the Secretary's office, but were eliminated during downsizing a few years ago. Acting Secretary Chen identified them as critical to AHS operations. The Administrative Services Director will oversee major components of daily operations of the AHS CO, including human resources, space/facilities, contracts and grants processes, as well as Continuity of Operations Plans (COOP).

The results of Tropical Storm Irene spotlighted the need for coordination not only within AHS, but with all aspects of government to meet the Agency's responsibilities for emergency preparedness and response, including meeting the State requirements for Federal Emergency Management Agency (FEMA) Individual Assistance funds. This position is critical for developing and maintaining connections with community partners and FEMA to embed a resilient system for this work into the future. This work involves planning for all hazard events, such as natural disasters and related events (floods, ice storms, wide-spread power outages), health events (ebola, influenza), and chemical, terrorist or other events that pose a threat to public safety or property.

You will also see an increase for Human Resource investigative positions. AHS previously had a three person investigative unit, but it was transferred to the Department of Human Resources (DHR) as part of that Department's reorganization of SFY12. In 2014, the unit was recreated within AHS CO in order to restore the capacity necessary to meet the AHS Human Resource (HR) investigative needs by transferring two investigator positions and recreating the unit's director position. We have seen already the improved efficiencies of having this unit in the AHS CO. For example, the average time for case investigation in 2013 was 119 days and that was reduced to 87 days in 2014. In addition, we have seen a 23% decrease in the number of staff on relief from duty in 2014 as compared to 2013.

Other noteworthy items in the AHS CO requested budget adjustment are:

- A reduction of \$200,000 for Attorney time related to the Home Care workers and Child care workers negotiations. The child care workers voted not to unionize this fall and the AHS legal cost of negotiations with the Home Care union has been significantly less than estimated.
- Transfers of the funds that were appropriated for the Home Care wage increase in AHS CO to the appropriate department appropriations. (net neutral)

Most items in the GC appropriation are the result of actions elsewhere in the Departments. However below the following items are not directly related to activities at the Department.

- Appropriating the available General Fund (GF) cash balance equivalent of the GC fund June 30, 2014. \$4.9M GF
- Appropriating increases in Federal Medicaid funds due to revised estimates for 'New Adults' and the Opioid Care Alliance expenses. \$14.2M GF

- Updating the various funding streams that compose the State Health Care Resource Fund (\$4.6 M GF)
 - Using the Health Information Technology Special Fund to replace General Fund as match for Vermont Information Technology Leaders (VITL) grant at DVHA (-\$1.0 Million)
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Below find some of the significant items within Departments that the Commissioners will be in to discuss with you further.

DVHA

- We have taken aggressive estimates for caseload and utilization. We will need to monitor actual expenses during session to see if these estimated expenses remain on track.
- Vermont Health Connect (\$7.9 Million Gross)
- Caseload and Utilization (\$11.0 Million Gross)
- Freeze moderate investment in Long Term Care (-.9M Gross) There is a one-time underutilization in Moderate Needs projected for this fiscal year.
- Buy In Savings (-\$2.6 Million Gross)
- Inpatient Savings (-\$1.8 Million Gross)
- Change in Clawback (-\$1.1 Million Gross)

VDH

- Student Loan Repayment Program (matching funds for Federal Grant, per Act 179 2014 session, Sec. C.106.3). One time appropriation. Adjustments related to GC fund.
- Vermont Child Health Improvement Program (VCHIP) Certified Match (\$848,000 Gross – no State funds impact)
- Vaccine Purchase Savings (-\$225,000 Gross – changes in federal grants allowed this GC reduction with no impact on services.)
- Opiate Care in Bennington (\$180,000 Gross) Funding for projected startup costs for the provision of buprenorphine treatment to opiate dependent clients who need intensive services.

DMH

- Second Springs North (-\$571,494 Gross) Projected costs for program start-up less than anticipated, and this represents a recouping of these one-time savings.
- Reducing Housing Vouchers (-\$437,139 Gross) Those currently receiving housing vouchers will not be affected, but new housing vouchers would be issued only if there is attrition of existing voucher recipients.
- Pathways to Housing (\$611,920 Gross) Pathways was given provisional Specialized Services Agency status in June of 2014 to provide a “housing first” treatment model. This funding supports services to high risk populations who do not engage with traditional mental health treatment services.

DCF

You will see a variety of adjustments across appropriations to reflect decisions made using the pilot authority in Section E.100 (d) of Act 179 to increase staffing related to child care protection and for the administration of Vermont Health Connect.

- Required Medical Reviews for Reach Up medical deferments (\$150k)
- Family Services
 - Family Services Division Caseload increases (\$7.3M Gross)
 - Family Services Cost Per Case decreases (-\$4.4M Gross)
 - While there is an increase in foster care case load, the overall cost per case has decreased because the mix of caseload has tilted toward younger children (under 6) who require less intensive services.
- General Assistance Emergency Housing increase (\$600,000) This reflects a need to address the cold-weather exception (emergency housing on cold nights), and an increase in homeless applicants comprised of families with children where general shelters may not be appropriate environments.
- ReachUp one time funding from ARRA Redistribution (-\$1.6 Million)
- LIHEAP Caseload Savings (-\$1.0 Million) - 900 fewer households received benefits than we had projected

DDAIL

- Developmental Services Caseload and Utilization (-\$2.0M Gross)
 - \$-200k for Seriously Functionally Impaired caseload decrease
 - \$-1.2M – underutilization of family managed respite funding with no impact to current services
 - \$-646k – Developmental Caseload underutilization with no impact to current services

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