

DMH Talking Points FY 17 BAA

53rd Week Base Funding Rescission

Gross: (\$875,003) GF: (\$399,701)

This is a rescission taken by Department of Finance and Management.

Additional Nurse salary impacts:

Gross: \$339,876 GF: \$155,255

In FY 17, DMH included \$265K in the budget request as a projection of cost for nurse salary increases. After completion of the study, the final determination of increases exceeded the projection by \$340K.

One time contract savings

Gross: (\$162,500) GF: (\$74,230)

Contract savings associated with the Medical Director vacancy.

One-Time Operating Savings (E H R contract)

Gross: (\$337,500) GF: (\$154,170)

The original projection for the E H R at Vermont Psychiatric Care Hospital was \$2.5M based on bids received. DMH projected paying for the implementation of the E H R cost using the equipment revolving fund with a pay back of 5 years at an estimated \$500K per year. The new estimated annual need for the E H R based on the actual contract will be in the range of \$380K - \$385K. There is no programmatic impact to this reduction.

Adult Community Rehabilitation and Treatment (CRT) Utilization:

Gross: \$643,145 GF: \$293,789

This is associated with the difficulty of care programs to keep individuals out of hospitals where hospitalization is not necessary for treatment.

The Difficulty of Care payments are for a small cohort of the CRT population, all of whom have significant histories of lengthy and repeated hospitalizations, interactions with the criminal justice system or ongoing, difficult to mitigate dangerous behaviors resulting from their mental illness. If the Difficulty of Care payments were to be withheld, we would see an increase in people in need of Level 1 inpatient services with few community options for placement if/when stabilization was achieved. Increasing the demand on the limited resource of Level 1 beds would have a direct impact on people's ability to access appropriate levels of care in a timely fashion and there would be a spike in number of people waiting in Emergency Departments for placement and an increase into their length of stay while waiting. Typically, the Difficulty of Care plans are cheaper than the cost of maintaining someone in an inpatient setting, so the overall impact would be more people residing in hospitals, for longer periods of time at a greater cost.

Adult Inpatient:

Gross \$376,921 GF: \$172,178

Act 79 requires reasonable actual reimbursement of costs for the Level I hospitals, thus there have been inflationary factors as well as a reduction in Medicare payments (lifetime max limits) due to individuals running out of Medicare days.

AHS Net Neutral:

GC Admin to Medicaid Admin swap:

Gross: \$0.00 GF: \$132,657

This reflects an outcome of the Global Commitment waiver renewal where Medicaid Administrative costs are now considered to be “outside of the waiver” effective January 1, 2017. As such, there is movement of funding from Global Commitment to State and Federal Funds.

In addition, the Medicaid administrative match rate will change so that some areas previously eligible for a program match rate of approximately 54% will now draw federal funds at the administrative match rate of 50%.

Transfer from DAIL for Accessing Resources for Children (ARCh):

Gross \$252,756 GF: \$115,459

This is to cover the costs of 2 additional skills workers for the ARCh program, and to serve an additional 40 kids with 2 more service coordinators to address their waiting list. The ARCh program provides an array of services including service coordination, community skills work, collateral contact/family outreach, supportive counseling and behavioral consultation (individual and group) to children, up to age 22, who are identified as having a mental health and/or developmental disability and for whom the services is determined medically necessary.

1. Targeted Case Management as defined in the state plan for children with Developmental Disabilities as defined in the DAIL System of Care.
2. Psycho-social Rehabilitation/Specialized Rehabilitation as defined in the state plan and the DMH Fee-for-Services Medicaid Manual. This service includes service coordination, community skills work, collateral contact/family outreach, supportive counseling and behavioral consultation (individual and group) to all children who are identified as having a mental health and/or developmental disability and it is determined medically necessary.

Transfer to DCF to finalize the CIS rate which reduces New Leaf funding to WCMH:

Gross (\$25,000) GF: (\$11,420)

New Leaf is a WCMH child care setting that provides Mental Health services to children and their families birth to three (I think it's 3 I'm double checking). The funding was reduced and then transferred from DCF's budget to DMH's budget. In FY 17, \$267,821 was transferred to DMH from DCF to pay for this program. A partial reduction is planned for FY 17, continuing into FY 18 with a full \$51K reduction annually.

Adjustment to 2% DA Increase (AHS net neutral – move funding to VDH and DAIL)

Gross: (\$653,242) GF: (\$298,401)

This is to adjust the allocation of the 2% funding increase which was granted to the Designated Agency and Specialized Service Agency community in the FY 17 budget session.

Vocational Rehabilitation (VR) funding (CRT and JOBS)

Gross: \$1,364,113 GF: \$623,127

DAIL was recently notified of the loss of federal re-allotment funds for the first time since 2008; although this is not built as part of the base budget, it is a significant loss to those programs and will require significant reductions in programming. AHS has developed a plan to bridge and step down spending in this program in FY17. As part of this bridge, AHS will leverage Global Commitment funds in both DAIL and DMH. This change is reflected in the DMH appropriation.

SUMMARY:

	<u>Gross</u>	<u>GF</u>
DMH BAA Request:	\$923,566	\$554,542
AHS Net Neutral:	\$938,627	\$561,421
Balance of DMH BAA Request:	(\$15,061)	(\$6,879)