

**From:** Tessler, Julie [Julie@vermontcarepartners.org]  
**Sent:** Thursday, February 15, 2018 2:29 PM  
**To:** Theresa Utton  
**Subject:** VT Care Partners testimony on the Budget  
**Attachments:** Julie Tessler Testimony 1-31- 18.docx; Workforce Initiative Stage 2.docx; DS 2%25 cut talking points (5).docx

Theresa,

Please find attached my testimony of the FY19 budget. Thank you for sharing it with the Committee.

Thank you,  
Julie

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## WHY INVEST IN DESIGNATED and SPECIALIZED SERVICE AGENCIES?

### COMMUNITY-BASED CARE IMPROVES LIVES and SAVES MONEY

*Act 82 and Act 85 gave designated and specialized service agencies an important boost toward improving crisis interventions and in strengthening our workforce – the impact is significant*

#### ***Diverting Unnecessary Use of Hospital Emergency Departments***

- Over 75% (18,520) of crisis assessments in FY17 provided by Emergency Services teams occurred in community settings outside of hospital emergency departments (EDs)
- Even if only 30% of those assessments were done in hospitals, **it would have cost Medicaid an additional \$7.9 million**

#### ***Preventing Unnecessary Hospital and Institutional Care***

- 62% of the services in FY17 focused on addressing the **social determinants of health** and helped prevent crises
- **Crisis bed utilization has increased to 79% from 66%** a year earlier
- 13,000 bed days were used in mental health crisis programs in FY17 at half of the cost of hospital care. If half of those bed days were spent in hospitals **the additional cost would be \$34 million**
- If Vermont lacked our robust community-based designated agency system and hospitalization rates aligned with the national average, **it would cost an additional \$23.3 million to meet inpatient bed demand at a community hospital and \$49.9 million at a state hospital**
- The Vermont Crisis Intervention Network in FY16 provided 599 bed days for people with developmental disabilities (DD) at a cost of \$195,000, **creating a savings of \$644,000 over the cost of hospital inpatient stays**, as well as avoiding ED interventions
- Community-based services for people with DD **saves nearly \$200,000 per person** compared to institutions

**Community-Based Care: High Quality and Cost Effective for Vermont**



### ***Stabilizing the Workforce:***

Act 82 and Act 85 enabled all designated & specialized services agencies to implement \$14 minimum wage and increase wages for crisis staff with the \$8.37 million/2% funding increase

- FY17 staff turnover rate decreased from 26.3% to 23.8% with the promise of new funding – FY18 staff turnover and vacancy rates are decreasing for positions which received the minimum wage increase
- 2,000 staff received pay raises and now earn a minimum of \$28,000 per year
- As a percentage, the pay differentials between DA staff and staff with similar credentials in state government vary from 22% to 37% - with average pay gaps ranging from \$12,830 to \$21,344 annually
- Raising the DA/SSA direct care workers compensation up to the level of state employee compensation would require an investment of over \$61 million
- The most strategic approach is for each agency to target compensation increases to meet its unique recruitment and retention requirements

### ***Addressing Gaps in the Mental Health System:***

Agencies are collaborating on new models of care coordination to decrease hospital utilization and reduce long waits in emergency departments by:

- Teaming with local hospitals to create Integrated Health Homes
- Delivering embedded mental health services in emergency departments
- Expanding Street Outreach programs to reduce ED use
- Partnering with OneCare on care coordination for people with high utilization
- Teaming with the State and hospitals on community placements for long stay patients

### ***Meeting the Needs of the Growing Developmental Disability Population***

Annual funding for the increasing caseload is essential and represents the majority of the increase in funding received by DA/SSAs over the years – it's about health care parity

- Birth to Death people live longer with disabilities than they did in the past
- Autism, co-occurring disorders, and disabilities have become more prevalent
- People with developmental disabilities often develop dementia at earlier ages

### **Community-Based Care: High Quality and Cost Effective for Vermont**



*Helping people live healthy, safe and satisfying lives in their communities*

**Stage 2 Workforce Investment Initiative  
For FY19 Designated and Specialized Service Agencies**

**Act 82 and Act 85 enabled all designated & specialized services agencies to implement a \$14 minimum wage and increase wages for crisis staff with the \$8.37 million/2% funding increase in FY'18. The results are already evident.**

- FY17 staff turnover rate decreased from 26.3% to 23.8% with the promise of new funding
- Turnover rates in FY'18 are showing improvement, including the crisis staff
- 2,000 staff received pay raises and now earn a minimum of \$28,000 per year

**Vermont Care Partners requests the second stage of the workforce investment initiative - \$5.74 million in general funds to conceptually achieve a \$15 minimum wage for DA/SSA staff and with flexibility for agencies to target compensation increases to the most critical positions to meet community needs, address local labor market dynamics, and cover health benefit costs.**

**In FY18 Designated and Specialized Service Agencies experienced challenges in pay equity for staff receiving salaries just above the new minimum wage, because there were insufficient funds to address the compression of salary levels of staff.** This led to some staff having the same or similar pay regardless of seniority, supervisory relationships, credentials, etc. which impacted morale.

**After implementing the Stage 1 increase, we have found that market factors led to difficulty with recruiting staff at higher pay levels.** Analysis conducted in FY18 by Vermont Care Partners identified significant pay gaps between our staff and state employees with similar credentials and responsibilities:

- o Bachelors level staff earned salaries \$21,344 below state employees for equivalent work and length of employment
- o Masters level clinicians earned salaries \$12,830 below state employees for equivalent work and length of employment
- o Licensed clinicians earned salaries \$18,768 below state employees for equivalent work and length of employment

Each community has unique needs and labor markets. Additionally, the cost of health benefit packages of agencies rise at various rates, often due to utilization patterns for those agencies that are self-insured. **Given these variables, flexibility in implementing compensation increases could maximize the value of the investment to the Vermonters served by the designated agency system.**



*A partnership between the VT Council of Developmental and Mental Health Services and the VT Care Network*

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### **Important Points about the 2% Cut to Developmental Services Waivers**

- The proposed \$4.3 million cut to developmental services will require a 2% reduction in services after years of underfunding and rescissions that totaled \$14 million in cuts to services since 2009.
- Since some people served cannot manage without 24/7 support, others will experience service reductions in excess of 2%.
- Designated and Specialized Service Agencies (DA/SSA's) rates of reimbursement are insufficient to cover costs. There is no direct correlation between payment rates and actual cost of services
- DA/SSA's are currently deep into a payment reform process with DAIL that will likely lead to a reduction in services, this cut would put Vermont's most vulnerable citizens in double jeopardy
- People with Intellectual/Developmental disabilities typically require long-term services and supports. DA/SSA's provide a full range of services including residential, community and employment supports, crisis beds, respite, service coordination, etc.
- \$4.3 million overrides the workforce increase agencies received this year through Acts 82 and 85 to bring staff salaries up to \$14 per hour, after these salary increases have already been given
- The workforce investment funds were awarded in recognition of high staff turnover and vacancy rates at DA/SSA's which have been blocking access and impacting quality of care