

PHILIP B. SCOTT
Governor



State of Vermont
OFFICE OF THE GOVERNOR

February 8, 2017

Representative Janet Ancel, Chair, House Committee on Ways & Means
Senator Ann Cummings, Chair, Senate Committee on Finance
Senator Jane Kitchel, Chair, Senate Committee on Appropriations
Representative Catherine Toll, Chair, House Committee on Appropriations
115 State Street
Montpelier, VT 05633

Dear Members of the Emergency Board:

Thank you for your letter dated February 6, 2017, regarding the Medicaid caseload and expenditure estimates for FY 2018. I want to assure you that the FY 2018 Budget proposal is based on the Emergency Board Medicaid estimated caseload consensus adopted by the Board on January 19, 2017 and accounts for the general funds required to meet that estimate. Thus, there is no need to convene the Emergency Board.

As you are aware, the State has experienced Medicaid spending over the past 15 months that has been less than the consensus estimates. My budget proposal reserves \$10 million of the general funds needed to support the current caseload estimate in the Federal Contingency and Human Services Caseload Reserve. By doing so, the State maintains the funds needed to meet the estimate, should it prove accurate, while also maintaining flexibility to reserve any excess to guard against potential changes to federal funding or other unanticipated events.

The use and need for the Federal Contingency and Human Services Caseload is a critical part of our work this legislative session and it is my intent to fully engage the legislature in deciding the use of the caseload reserve through the session and beyond. As noted, if the consensus Medicaid estimate comes in on target, the necessary state match is available to the Legislature for further appropriation. We have a 17-month window to monitor the actual caseloads and to determine if a release of the funds to the Agency of Human Services is required. I look forward to working with you as you review my proposed funding level, and in the management and use of the Federal Contingency and Caseload Reserve Fund.

Emergency Board Members

February 8, 2017

Page 2

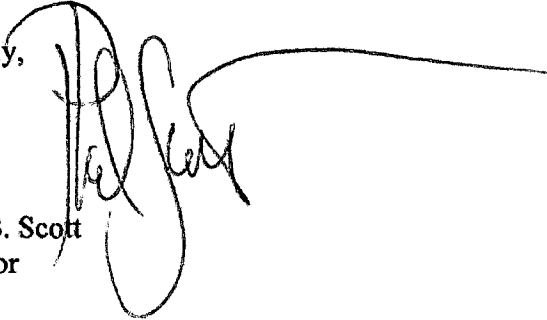
I remain committed to the consensus process and I know that it has served the State well over the years. I also remain committed, however, to exploring every opportunity to protect the State from uncertainty at the federal level.

Thank you again and I appreciate your consideration of my FY 2018 Budget proposal.

Sincerely,

Philip B. Scott
Governor

PBS/kp

A handwritten signature in black ink, appearing to read "Philip B. Scott", with a long horizontal flourish extending to the right.