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GENERAL ASSEMBLY  
HOUSE COMMITTEE ON HEALTH CARE

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**MEMORANDUM**

To: Representative Kitty Toll, Chair, House Committee on Appropriations  
From: Representative Bill Lippert, Chair, House Committee on Health Care  
Date: March 3, 2017  
Subject: House Health Care supplemental memo regarding FY18 State budget

The House Committee on Health Care submitted a memo to the House Committee on Appropriations dated March 1, 2017 with our responses to the Governor's proposed FY18 State budget. In that memo, we noted our intent to submit this supplemental memo with additional comments and recommendations based on the work of our mental health subcommittee, as well as to address disproportionate share hospital (DSH) payments and the proposed extension of the Health IT-Fund.

**Improving the mental health system**

The House Committee on Appropriations requested the assistance of the House Committee on Health Care in addressing the crisis in the mental health system. We created a mental health subcommittee, which worked with a liaison from the Appropriations Committee to establish three categories of mental health priorities. The first category comprises actions that require an appropriation and that can be undertaken in the short-term to meet the most urgent needs. The second category contains mental health-related policy issues that the Health Care Committee plans to explore during the remainder of the 2017 legislative session. The third category comprises issues requiring long-term resolution. This memo concentrates on the first category, urgent matters with funding needs; the proposed funding source is addressed in a later part of this memo.

**Crisis services**

The subcommittee focused on the backlog of patients with mental conditions in hospital emergency departments. It recognized that many complex factors contribute to the backlog, but determined that identifying a few critical intercept points would allow the targeted application of resources to crisis services teams to make an immediate difference. In order to reduce the demand on hospital emergency departments, the appropriate structures at the community level must be staffed sufficiently to respond effectively to individuals experiencing a crisis. Understaffing in the community mental health system generally is a broader issue in need of resolution, but to address immediate needs in the short-term the Committee recommends targeting funds toward building up crisis team staffing so that care

can be provided in a setting more appropriate to patient care than a hospital emergency department. Because high turnover rates and unfilled vacancies at community mental health providers are a barrier to providing care in the community and to transitioning individuals from hospitals to community care settings, the Committee recommends adding the following language to the budget bill:

Sec. A. APPROPRIATION; CRISIS SERVICES AND BEDS

The sum of \$2,450,000.00 in Global Commitment funds is appropriated to the Department of Mental Health to be allocated in consultation with the designated agencies for the following purposes:

(1) to increase the salaries of crisis service clinicians to an amount that enables the recruitment and retention of qualified staff;

(2) to increase crisis service clinician positions across the designated agency system based on population and demand in each region; and

(3) to the extent that crisis beds are offline due to lack of staffing, to increase crisis bed staffing salaries to a level sufficient to enable recruitment and retention of qualified staff.

Sec. B. FUNDING STRUCTURE; CRISIS SERVICES

In preparing their fiscal year 2019 budget presentation, the Departments of Mental Health and of Vermont Health Access shall revise the structure of appropriations, or reimbursements, or both to designated agencies' mental health crisis response services in a manner that:

(1) does not rely on CRT or CRT and outpatient reimbursements as a primary funding mechanism;

(2) addresses capacity funding so as to support comprehensive public, mobile mental health crisis response services;

(3) ensures equitable service resources and expectations across all catchment areas;  
and

(4) includes recommendations for legislative action to integrate contributions for mental health crisis response services from other payers.

**Psychiatric geriatric care and homeless individuals**

Two additional areas require specific funding to address the backlogs in hospital emergency departments and inpatient settings. Geriatric patients with mental conditions who need a skilled nursing level of care are often maintained in inpatient psychiatric care settings long after they should have been discharged because there are few nursing homes or other facilities willing to accept patients with psychiatric disabilities. Targeting funding to establish pilot projects in which nursing homes and other residential care facilities accept residents with serious mental health needs would allow long-term care providers to develop the competencies necessary to care for these individuals appropriately. It would also enable the Agency of Human Services to identify best practices for replication by nursing homes and other residential care facilities across the State, further increasing capacity in these facilities for elders with mental conditions and reducing backlogs in hospital emergency departments and inpatient psychiatric care settings. The Committee recommends adding the following language to the budget bill:

Sec. C. APPROPRIATION; PSYCHIATRIC GERIATRIC CARE PILOT PROJECTS

(a) The sum of \$500,000.00 in Global Commitment funds is appropriated to the Agency of Human Services to establish pilot projects in nursing homes or other residential care facilities in geographically distinct regions of the State that will accept geriatric residents with psychiatric care needs. The Agency shall provide technical, clinical, and financial support to the facilities to ensure that these residents receive appropriate care and services and that there is no adverse impact on a facility's other residents. On or before January 15, 2018, the Agency shall submit a progress report on the pilot projects to the House Committees on Appropriations, on Health Care, and on Human Services and the Senate Committees on Appropriations and on Health and Welfare.

Homeless individuals with psychiatric disabilities who receive inpatient psychiatric services are also often unable to be discharged from an inpatient setting for long periods of time because they have no housing to return to. The lengthy process of trying to secure adequate

housing for these individuals compounds these delays. The Committee recommends adding the following language to the budget bill; the amount may need to be reduced if federal matching funds are not available for some or all of the expenditures in order to ensure that the impact of this appropriation is budget neutral:

Sec. D. APPROPRIATION; HOUSING FIRST

The sum of \$400,000.00 in Global Commitment funds, or less depending on the extent to which services are eligible for federal matching funds, is appropriated to the Department of Mental Health for ten additional Pathways for Housing-funded slots for patients being discharged from an inpatient psychiatric hospital unit.

**Community mental health system**

Maintaining a robust, sustainable community mental health system continues to be one of the pillars of mental health care system reform in Vermont. Community mental health providers' ongoing struggle to recruit and retain qualified staff in this State hinders their ability to consistently deliver timely services to individuals with mental conditions. Low wages are regularly cited as a major factor. This problem persists year after year, but no concrete action plan has yet been proposed to address it, so the Committee recommends adding the following language to the budget bill:

Sec. E. PROPOSAL; DESIGNATED AGENCY EMPLOYEE SALARIES

As part of his or her fiscal year 2019 budget presentation, the Secretary of Human Services shall propose a plan to increase the salaries of designated agency employees to a level that enables the designated agencies to recruit and retain qualified staff.

**Department of Vermont Health Access budget - DSH payment reductions**

The Committee supports DVHA's proposal to reduce disproportionate share hospital (DSH) payments in recognition of reductions in uncompensated care. The Committee recommends increasing the DSH payment reduction from 10% to 20% and using the additional funds to restore the \$50,000 cut from the Office of the Health Care Advocate, as described in our memo of March 1, 2017, and to support the mental health initiatives proposed in the first part of this memo. Reducing DSH payments and using the State funds for mental health services makes sense. The proposals in this memo are designed to decrease demands on emergency departments to deliver crisis mental health care services, most of which are currently uncompensated care. The proposals would transfer resources to address mental health needs in the community in a less intensive setting, which is consistent with the goals of 2012 Acts and Resolves No. 79, Vermont's health care reform efforts, the all-payer model, and the priorities identified in 2016 Acts and Resolves No. 113.

**Secs. E300.1 and E.300.2: Health IT-Fund**

The Committee supports the Governor's proposal to extend the 0.199% claims tax allocated to the Health IT-Fund through the end of FY18. The Committee also supports directing the Secretaries of Administration and of Human Services to review the use of the Health IT-Fund and to make recommendations for its use after FY18, but we recommend moving up the date by which the Secretaries must submit their proposed changes from January 31, 2018 to December 1, 2017.

**Primary care provider workforce**

The Committee has an ongoing concern regarding the continued shortage in Vermont's primary care provider workforce. We would like to find ways to address provider recruitment and retention and to ensure that reimbursement amounts from all payers are sufficient to make primary care provider practices in Vermont sustainable in the long-term. Vermont's health care payment and delivery system reform efforts will fall short of their full potential if there are not enough primary care providers to ensure that Vermonters will have access to the right care at the right time in the right setting. While we are not proposing language for the FY18 budget at this time, we wanted to note our ongoing concern about this issue and our commitment to finding ways to address it.