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Budget Adjustment
Factors Impacting the SFY '18 Budget

SFY '18 BUDGET ADJUSTMENT . . . . . (55,871,782) gross / (19,937,486) state

The Department of Vermont Health Access (DVHA) budget adjustment request includes a decrease in program related expenditures of $30,053,820 and a decrease in administrative costs of $25,817,962.

SFY '18 DVHA Administration

Management Savings

- *Workers Compensation*……**($288) gross**
  ($144) state

This represents DVHA's share of savings related a statewide project to re-evaluate workers comp costs.

- *COB and PI Funding*…… **($607,148) gross**
  ($305,574) state

The SFY 18 budget included an appropriation to enhance Coordination of Benefits and Program Integrity divisions to improve efficiency. The appropriation was not accompanied by positions. Accordingly, DVHA is returning the appropriation as management savings.

- *VISION Reductions*…… **($268) gross**
  ($134) state

This represents DVHA's share of statewide VISION savings.

- *Travel Reductions*…… **($5,432) gross**
  ($2,716) state

This represents DVHA's share of agency wide travel reductions.

- *Contract Reductions (ADS)*……**($2,048,912) gross**
  ($570,623) state

To meet Management Savings target, DVHA did a preliminary review of operations contracts and found that the anticipated annual spending for the Agency of Digital Services budgeted amounts were overstated. This activity helped lead to further scrutinizing of contracts to ensure that IT budget matches projects plans and anticipated annual spending. Further reductions supporting this effort are below in the Design, Development and Implementation (DDI) Contract Reductions

Policy Unit Move to DVHA…… **$636,422 gross**
$318,211 state

DVHA received 8 positions transferred from AHS to better align the accountability of Medicaid policy to the department of responsibility. This item is Agency net neutral.

Design, Development and Implementation Contracts…… **($23,792,836) gross**
($2,379,284) state

Generally, DVHA is scrutinizing contracts to ensure that its budget matches project plans and anticipated annual spending. This direction supports DVHA's focus on an attainable modular procurement strategy for Integrated Eligibility and MMIS implementations.

SFY '18 DVHA Program

Global Commitment Appropriation

Caseload and Utilization Revisions (Rescission enrollment forecast) …… **($22,152,087) gross**
($2,743,487) state

DVHA, in partnership with the Agency of Human Services Central Office, the Department of Finance and Management, and the Joint Fiscal Office forecast Medicaid enrollment and expenditures. Program spending is based on projected enrollment, utilization of services, and price. DVHA's budget features several reductions in program spending with the first. Two factors affected previous enrollment estimates and led to the August rescission forecast.

First, the State was unable to re-determine eligibility beginning in April of 2014. In accordance with a CMS waiver and mitigation plan, DVHA is now on regular cycles of re-determinations.

- Medicaid for the Aged, Blind, and Disabled (MABD) renewals re-started in October 2015
    - Monthly batches of 600-2,000 households
    - First annual cycle completed in October 2016
    - Now proceeding with normal, ongoing renewal schedule
    - Most members respond promptly, though some net migration to MCA
- Medicaid for Children and Adults (MCA) renewals re-started in January 2016.
    - Monthly batches of 3,000-9,000 households
    - First annual cycle completed in January 2017
    - Now proceeding with normal, ongoing renewal schedule
    - Nearly nine out of ten (88.4%) responding households still eligible for Medicaid, but fewer than half of renewing members respond before receiving closure notice
        - Opportunity for 90 days retroactive coverage means those responding within three months can avoid gap in coverage
        - Additional responses trickle in throughout the year, often when member need to use coverage
        - New applicants tend to be more medically needy than non-responding members

Second, DVHA and AHS discovered a historical error in the forecast that occurred during ACA implementation. Specifically, there was an overstatement of 2014 eligible population in Catamount and VHAP.

Hospital Outpatient Prospective Payment System (August Rescission) …… **($3,525,000) gross**
($1,631,370) state

DVHA made changes to its outpatient payment methodology (OPPS) to hospitals to re-set the payment baseline so that it fully eliminated provider based billing.

Caseload and Utilization Revisions …… **($4,554,372) gross**
(2,107,763) state

Due to system functionality issues at the Vermont Health Connect (VHC), CMS approved a waiver of re-determinations for Medicaid enrollees until January 2016. DVHA is now current with re-determinations and is presenting an adjustment of caseload that is aligned to November 2017 enrollment data which demonstrates additional savings over the rescission revision.

Applied Behavioral Analysis (ABA) funds transferred to DMH ..... **($965,101) gross**
(446,647) state

DVHA has state plan approval to offer applied behavior analysis services to individuals with autism in order to address a service delivery gap. This is a revenue neutral transfer to DMH to support ABA expansion in the NCSS IFS bundle.

Accountable Care Organization (ACO) Claims Tail ..... **($1,622,049) gross**
(750,684) state

ACO program moves Fee for Service payments to a prospective Per Member Per Month (PMPM) basis. This incurs a one-time cost while DVHA is paying both prospective payments and the claims runout, i.e. the claims tail. The VMNG program is adding fewer lives in calendar 2018 as compared to 2017, which creates the savings.

Choices for Care Appropriation

Carryforward ..... **$937,538 gross**
($240,997) state

The long-term care component of the former Choices for Care waiver is allowed to carry forward any unspent general fund for use in the new state fiscal year. Historically this was an automatic process. With the merger into the Global Commitment waiver, the general fund authority resided with the AHS global commitment fund appropriation. In order to access those dollars to support the program, DVHA must ask for budget authority through this BAA process.

State Only Appropriation

Caseload and Utilization Revisions (Rescission enrollment forecast) ..... **($2,122,652) gross**
($1,712,958) state

See Global Commitment Appropriation above.

Non-Waiver Appropriation

Caseload and Utilization Revisions (Rescission enrollment forecast) ..... **($799,504) gross**
($62,555) state

See Global Commitment Appropriation above.

Spending Authority for the Vermont All-Payer ACO Model Agreement ..... **$5,055,417 gross**
$0 state

CMS provided a grant for Vermont to continue participation in Blueprint initiatives while Medicare transitions into the All-Payer ACO Model. Grant #1RCMS331555-01-00. This item is 100% Federally Funded.

Caseload and Utilization Revisions ..... **($278,059) gross**
($26,137) state

See Global Commitment Appropriation above.