Vermont Care Partners
Budget Priorities
March 2018

Vermont Care Partners requests consideration of the following priorities listed in order of importance.

Workforce Investment Stage 2

Act 82 and Act 85 enabled all Designated & Specialized Service Agencies (DA/SSA) to implement a $14 minimum wage and increase wages for crisis staff with the $8.37 million/2% funding increase in FY'18. The positive 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**
- **Vacant positions have been reduced from 400 to 355**
- **The positive impact has been concentrated at entry level positions**

Vermont Care Partners requests the second stage of the workforce investment initiative - $5.74 million GF 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. Stage 2 of the Workforce Investment could enable DA/SSAs to maintain critical mental health services, strengthen collaborations with our health care partners and reduce the utilization of more expensive acute care services in hospital inpatient and emergency departments.

After implementing the Stage 1 increase, we have found that market factors led to difficulty with recruiting and retaining Bachelors, Nursing and Masters-level Clinicians. Analysis conducted in FY18 after the investment funds were distributed identified significant pay gaps between our staff and state

employees with similar credentials and responsibilities:

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

These compensation disparities and those with school and health care staff are likely to increase in FY19 when they receive compensation increases. This will exacerbate staff vacancies and turnover leading to further challenges with: access and quality of care; collaboration with health care providers; support to students; and utilization of acute care. If DA/SSAs receive level funding we will work with the Agency of Human Services to reduce services or other operations as required by Act 85 E.314.1

Restoration of the
Developmental Services Reduction proposed by Governor Scott

Vermont Care Partners strongly supports the restoration of the $2 million GF cut in developmental services made by the House of Representatives.

- The Administration's proposed $4.3 million cut to developmental services would 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 would experience service reductions in excess of 2%.
- 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

- Most people served receive residential supports that cannot be reduced, so cuts could be made to employment or community services which are already limited to 25 hours a week. Alternatively, some agencies will reduce the respite available to shared living providers by approximately 1 week. This loss of respite could lead some shared living providers to discontinue providing critical residential support.
- The proposed reduction would impact thousands of Vermont's most vulnerable citizens

Housing Outreach and Support

Vermont Care Partners supports the $400,000 GF proposed for street outreach programs in four regions of the State. Out of the original $400,000 the Howard Center in Chittenden County is slated to receive $150,000 and $250,000 would be allocated in the other 3 communities. We support the House of Representatives proposal that the Department of Mental Health receive $200,000 on a one-time basis to assist the pilot communities, in light of their difficulty in securing local matching funds.

Statewide Housing Resources

Vermont Care Partners recommends redirecting the $276,000 GF appropriated in the House Budget "*at the Department discretion in Rutland County for supportive housing services for individuals with mental health disabilities who have experienced chronic homelessness, using the low barriers model*". We believe the money could be used most effectively if appropriated to the Department of Mental Health to support statewide housing efforts through housing vouchers and/or other housing assistance.

Designated Agencies have a broad array of housing resources to flexibly meet the needs of the people throughout the State including Housing First type models of care. We use a person-centered approach and realize that a person's basic needs must be met in order to achieve recovery. Providing a person-centered approach entails offering a range of housing from a housing first to an intensive case management approach. Our primary goal is to get our clients housed, and we work with them to whatever degree they need from that point forward, providing case

management, psychiatry, nursing, transportation, vocational support and emergency interventions. We do that actively for well over a thousand CRT and Outpatient clients. We have countless partnerships with landlords, housing authorities and homeless organizations to support individuals to access traditional and transitional housing. Building upon this existing infrastructure would be far more cost-effective than adding offices for a provider into the mix.

Recent analysis of crisis beds indicates that access to independent apartments is the primary factor leading to people having extended stays in crisis beds. A statewide resource could more positively impact the flow of people through our acute care resources than directing the funds to just one region.

Rutland Mental Health has been collaboratively working on several initiatives for this population.
They already provide comprehensive case management services to 14 Shelter-Plus Care clients in conjunction with the Welcome Home Program, a housing first initiative which is an effective partnership with the Homeless Prevention Center. Due to the ongoing success of the Welcome Home program chronic homelessness in Rutland County declined by 36% in four years. Additionally, Rutland Mental Health has asked DMH for permission to add 2 beds to their Crisis Stabilization and Inpatient Diversion facility (from 4 to 6 beds). This has the strong support of Rutland Regional Medical Center which recognizes that this will accelerate some folks being released from the inpatient psychiatric care unit. Additionally, Rutland has been identified as one of the regions for the Housing Outreach and Support pilot described above.

Alcohol use continues to be the most prevalent substance use disorder.isfor struggling with addictions whoare striving to

Priority for One-Time Tobacco Settlement funds

Electronic Medical Records Implementation
The Designated Agency system must update and implement new electronic medical record systems in order to: effectively serve our clients; enhance data-driven business models; participate in

health and value-based payment reform; integrate care; enhance quality of care; and strengthen accountability for public funds. Six of our comprehensive designated agencies are working with Vermont Care Partners to implement a Unified Electronic Health System, beginning sometime in FY19. Potentially all 10 DAs could jump on board depending on several variables. All of our members will be focusing on standardization of documents, workflows and more.

The Implementation phase includes the vendor costs (licensing and implementation), the overlapping EMR operating costs in the implementation phase (subscription, maintenance, hosting), Transition (migration, archiving), as well as project management at the unified and local levels. The estimated cost is at least $15 million, depending on the final configuration of the systems. The Agency of Human Services has looked, and is continuing to look, into accessing DSR funds at a 90/10 match, but at this point CMS has not been receptive to this investment. This is a very heavy lift that we feel will bring immense value to the health care system and thousands of Vermonters. We would appreciate any support the Legislature could offer.

Submitted by Julie Tessler, Executive Director
Vermont Care Partners: VT Council of Developmental Services

Vermont Care Partners

WHY INVEST IN DESIGNATED and SPECIALIZED SERVICE AGENCIES?

COMMMUNITY-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

Vermont Care Partners

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

Vermont Care Partners

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

MEMBERS

Champlain Community Services

Clara Martin Center

Counseling Service of Addison County

Families First in Southern Vermont

Green Mountain Support Services

Health Care and Rehabilitation Services of Southeastern Vermont

Howard Center

Lamoille County Mental Health Services

Lincoln Street, Inc.

Northeast Kingdom Human Services

Northwestern Counseling and Support Services

Northeastern Family Institute

Rutland Mental Health Services

United Counseling Service of Bennington County

Upper Valley Services

Washington County Mental Health Services

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

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

Vermont Care Partners
Workforce Investment Update
March 23, 2018

Act 82 and Act 85 enabled all designated and specialized services agencies (DA/SSAs) 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.

- **2000 staff got raises, sometimes as high a $5,000 - they now earn a minimum of $28,000/year**
- **Morale is improving for the staff affected – our staff felt heard and supported**
- **FY17 staff turnover rate decreased from 26.3% to 23.8% with the promise of new funding and because a few agencies implemented the increase in FY18**
- **FY18 staff turnover and vacancy rates are decreasing for positions which received the minimum wage increase including crisis staff**

Vermont Care Partners is requesting 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 wages because there were insufficient funds to address the compression of salary levels of staff at or just above the $14/hr minimum wage. 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 after the investment funds were distributed by Vermont Care Partners identified significant pay gaps between our staff and state employees with similar credentials and responsibilities:**

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

Agencies report that our salaries for nursing staff are also below market rates, although we didn't specifically collect data on these positions. In total, our FY18 analysis found that raising the DA/SSA direct care workers' salaries up to the level of state employee salaries would require an investment of over $61 million.

In addition to this statewide data, it should be noted that each community has unique needs and labor markets. Furthermore, the cost of health benefit packages of agencies rise at various rates, often due to utilization patterns for those agencies that are self-insured. A 2017 analysis of health benefits between DA/SSA and state employees showed that the value of DA/SSA health benefits is $12 million below that

of state employees. Given these variables, flexibility in implementing compensation increases could maximize the value of the investment to the Vermonters served by the designated agency system.

We know from Stage 1 of the Workforce Investment that offering more competitive compensation is effective to improve our vacancy and turnover rates and will improve access to and quality of care. It is important to continue to make these investments within the context of regional labor markets and the needs of our communities.

Generally, agencies have improved recruitment and retention for the positions impacted by the 14$/hr minimum wage, but continue to struggle with BA, RN and MA level professionals who provide service coordination, school-based services, outpatient services, eldercare, nursing, residential program management and clinical supervision. These vacancies often stay open for months and impact a range of services including: school contracts and outpatient services. Of particular concern is the impact of staff vacancies on our work to integrate and coordinate mental health and acute health care services. Additionally, one agency lost its Reach-Up contract because it was unable to fill a clinical position after many months. School contracts are also being impacted due to staff vacancies that can't be filled. **Currently, there are 355 regular staff positions vacant**; approximately a 7% vacancy rate is. This figure does not include per diem and temporary positions.

When staff positions are vacant it can mean that a person who has autism goes without assistance with facilitated communication until new staff can come in and train up over a period of months. In schools therapy and support services are interrupted and have to be restarted, while some students simply don't have the supports they need to participate in the classroom. Accumulated expertise literally walks out of agencies when staff leaves for higher payer jobs in state government, health care or other parts of the human service sector. Our work is based on not only on expertise, but also therapeutic relationships that take time and care to develop**. Stability in staffing is essential for quality care to the vulnerable Vermonters we serve.**

Staff recruitment and retention will continue to be impacted by a combination of the State's low unemployment and an increasingly competitive labor market. State employees will receive compensation increases in FY19, as will school, hospital and possibly home health and Area Agency on Aging employees and the cost of health benefits will continue to rise. DA/SSA administration rates are only 8.9% and cannot be reduced, especially given the growing demand for data, IT and EMR infrastructure development. **Therefore, level funding DA/SSAs will lead to service reductions so that agencies can cover inflationary costs and the dynamics of the labor market.**

The appropriation of Stage 2 of the Workforce Investment could enable DA/SSAs to maintain critical mental health services, strengthen collaborations with our health care partners and reduce the utilization of more expensive acute care services in hospital inpatient and emergency departments.