



State of Vermont

AGENCY OF HUMAN SERVICES

OFFICE OF THE SECRETARY
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TO: Senate Appropriations Committee

FROM: Al Gobeille, AHS Secretary

DATE: April 3, 2018

SUBJECT: AHS – Feedback to FY2019 House Budget Bill – H.924

I appreciate the work of the House Appropriations Committee and commend many parts of the House-passed budget. I look forward to working with the Senate Appropriations Committee to further improve upon the House-passed budget. Below is a list of items for further consideration and discussion.

1. **C.105.1 to C.106.5** – Tobacco Litigation Settlement Fund and Substance Use Disorder (SUD) Response Fund
 - a. Spending Plan
 - b. Working Group
 - c. Fund
2. **B. 300**, AHS – Secretary’s Office (\$500K GF): AHS requests the restoration of the dental sealant and home visiting initiatives.

Dental health is a key part of overall health and well-being. The dental sealant initiative is a state-wide school-based dental health program, including sealants, to improve the health of Vermont children and help reduce their, and the state’s, long-term healthcare costs. This program aims to have a statewide reach within 4 years.

The home visiting initiative is a voluntary universal home visiting program available to babies born in Vermont. This pilot program will provide up to 4 home visits by a nurse through 16 weeks after birth in specific counties. It would also provide sustained home visits for substance exposed newborns and their families. This family-focused service would continue up to the child’s second year. The pilot program would launch in two communities in the state fiscal year 2019.

3. **Sec. B.314** – DMH – Mental Health:
Temporary Forensics Facility (\$1.5M GF):

Given the mental health crisis in Vermont, AHS requests the restoration of operating funds for a Temporary Forensics facility starting in the 4th quarter of 2019. We believe that a forensics facility or capacity is a critical step in addressing the mental crisis and are actively working to develop a solution in FY2019. AHS, DMH, DOC, and BGS are working collaboratively to make this facility a reality.

Supportive Housing – Rutland County (\$276K GF): AHS/DMH requests flexibility to use these funds across the state where the need is the greatest – and not just in Rutland.

4. Sec. B.307 – DVHA – Global Commitment:

DSR:

The House redirects \$370,000 of delivery system reform (DSR) investment funds to provide increased funding for the clinics for the uninsured. The state match for this DSR investment is the Health Information Technology (HIT) fund. There are specific parameters and criteria surrounding the use of the HIT fund. AHS believes that the proposal to increase funds to the clinics to the uninsured does not meet the criteria and as such, cannot be diverted for these purposes.

In addition, this is a new Global Commitment investment which requires an application to CMS and their approval. The investment will need to meet the CMS criteria to be approved. No expenditures can occur without CMS approval.

In addition, the House Appropriations Committee adjusted the DVHA GC appropriation (B.307). This DSR investment is appropriated in the DVHA Admin appropriation (B.306).

From a program perspective, the ACO program is asking the health care sector to fundamentally change its business model, paying for value of care rather than volume of services. Hospitals and other providers will only make these changes if the state is a predictable and sustainable partner. Adjusting program finances in the middle of a program year will create uncertainty and call into question whether the State is committed to reform and is a reliable payer and partner. Additionally, the IT DSR investment is critical to the implementation of the all-payer model since the ACO is relying on these technology investments to create data reports and tools that will help its providers care for Vermonters in innovative ways.

5. **B.301, B.307, B.308** – Home Health (HH) 2% Increase: The House budget provides a 2% increase to a selection of Home Health providers. Given the selection of HH providers, if this increase is accepted by the Senate, AHS believes that the 2% increase should also be applied to the Adult MNG group, which will require additional funds.
6. **Sec. B.330** – DDAIL – Advocacy & Independent Living Grants: The House did not eliminate the state-funded Personally Directed Attendant Care (PDAC) program (\$1,389,547) but did include \$639,547 in savings from individuals transferring to alternative service programs. DAIL is currently analyzing the individuals on the program

to determine what alternatives exist to calculate the potential savings. AHS is concerned that savings target included in the House budget may be too aggressive.

7. **Sec. B.339** - DOC – Correctional Services – Out- of state beds: The House is not funding the increase from 270 to 284 beds and has kept this appropriation level-funded. This is an issue for DOC. The current caseload is at 230, though the floor of the agreement requires payment for 250 inmates per day. The DOC is posting an RFP and is not certain what the per diem rate may be if there is an amendment to the existing agreement or a new supplemental housing vendor is selected. The increased funds for FY2019, while not necessary for the current out of state caseload, would provide sufficient funding to help offset an increase in per diem, as well as provide funding for an increase in the caseload itself. There is little room in state now, and there are facility projects that will cause displacement to out of state. While one of these projects is funded through the Capital Bill and includes a budget for the inmate displacement, others that are not funded through the capital bill will increase total caseload and the total cost for out of state housing in FY2019.
8. **E.308 Choices for Care – Savings:** DAIL recommends having the department report to the Joint Fiscal Committee at the September meeting. The goal with this language change is to allow the Department to report and implement a savings plan by September rather than waiting to report to House Committees on Appropriations and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare in January. This would delay the implementation of a savings plan until halfway thru a given SFY, which can create obligation problems at fiscal year end.
9. **E.317 – Parent Child Network; Evaluation of Master Grant:** AHS/DCF are not clear on the purpose of this analysis. What is meant by “true value”? It is important to point out that the PCC master grant is only a small portion of the overall funding the PCCs receive from AHS. We believe it would be more productive to do a cost benefit analysis of all AHS funds and include funding to hire an outside consultant to conduct this analysis.
10. **E.323 Reach Up; Ratable Reduction Report:** DCF currently reports each year on Unfunded Budget Pressures to the Department of Finance and Management. Included in that report is a section on Reach Up funding full benefit obligations prior to any ratable reduction made pursuant to 33 V.S.A. §1103(a) to ensure that the expenditures for the program shall not exceed appropriations. DCF can to include this information in our annual budget presentation for fiscal year 2020 and include the information for the prior four fiscal years as well.