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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: January 16, 2020
Subject: FY20 Budget Adjustment

Thank you for the opportunity to review the health care-related provisions of the Governor's FY 2020 budget adjustment proposal. The House Committee on Health Care is generally supportive of the provisions referred to us by the House Committee on Appropriations, with one recommendation related to the Agency of Human Services and its calendar year 2020 delivery system-related (DSR) investments.

The Governor's FY 2020 budget adjustment proposal includes \$3.9 million (gross) for DSR investments in calendar year 2020. The House Committee on Health Care supports the appropriation of these funds with the addition of the following language:

In order to ensure coordination of efforts and the strategic alignment of resources, for delivery system-related (DSR) investments in calendar year 2020, the Agency of Human Services shall require that all DSR investment projects developed as part of the All Payer Accountable Care Organization (ACO) Model must be designed in collaboration with the Agency and with the relevant departments within the Agency and that any prioritization among proposed projects also must be determined in collaboration with the Agency and the relevant departments.

With recognition that the Legislature was involved in the discussions about the timing of appropriations for DSR investments during the FY 2020 budget process last session, in practice the House Committee on Health Care has found that considering proposals for new DSR investment funds during the budget adjustment process is not conducive to performing the type of thorough evaluation we feel is necessary to ensure that DSR investment projects will align with the Legislature's health care priorities. In addition, we are concerned that the 2019 portion of the funds was spent prior to their consideration in budget adjustment. We request that the House Committee on Appropriations consider whether the budget adjustment process should be the method of appropriating funds for DSR investments going forward.