



**Testimony on H.158
To the Senate Health and Welfare Committee
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Vermont Care Partners: VT Council
March 23, 2022**

Statement of Support

Vermont Care Partners Strongly supports H.153. We appreciate the foundational work done by the Senate Health and Welfare Committee several years ago and the work of the House Human Services in crafting the legislation.

Why Passage of H.153 is Critical

Never have our home- and community-based services, and our designated and specialized agencies (DA/SSAs) in particular, been so challenged. The Covid pandemic has greatly increased the demand for mental health, developmental disability and substance use disorder services. Both the numbers of Vermonters seeking support and the level of acuity and complexity of their presenting conditions are at historic highs. At the same time the growing workforce shortage has short-handed the agencies, with an average staff vacancy rate of 20%. Given last year's 30% turnover rate (which appears to be higher this year), 50% of DA/SSA staff are new, with limited skills and expertise, or simply don't exist.

The DA/SSAs receive almost all their funding from state and federal funds, specifically Medicaid. There is no opportunity to cost shift to other revenue streams and fund-raising capacity is very limited.

H.153 Creates Data for Better Prioritization and Budgeting

Vermont Care Partners appreciates that the Agency of Human Services (AHS) is doing its best to negotiate with the federal government to secure adequate Medicaid funding to meet the health and human service needs of Vermonters. No matter how successful they are, the resources will most likely be insufficient to meet the full demand. In light of this, it is important that H.153 will provide information to make those difficult budget decisions based on comprehensive data. Currently, as Rep Wood pointed out, rates are set for these services without full knowledge of the actual costs.

Vermont Care Partners appreciates the recent commitment and collaborative work being done by DAIL, DMH and DVHA on costs and rates for DA/SSAs. It should lay a helpful foundation to achieve the goals of H.153.

In advance of a fully comprehensive process in place, AHS has had to direct funds to critical components of the health and human service system on an as needed basis, such as they did with the Brattleboro Retreat. Fortunately, DVHA has specific cost analysis tools to adjust rates for many providers reimbursed through fee-for service mechanisms. For example, private mental health providers received a needed 17+% rate increase this year through this process. Without this process in place, the designated agency system was only budgeted by the Administration for a 3% rate increase for FY23, simply because this was the level of Medicaid resources left after these other decisions were made. This is a hard reality to

accept, when the DA/SSAs serve Vermonters with some of the highest acuity, complexity, and vulnerability.

Without an annual comprehensive analytical process to determine the true cost of services and set rates the budgeting process will never have the appropriate foundation to set priorities. We hear the concern about the cost of doing rate setting annually but would like the Committee to consider how quickly the labor market has changed over the last year. The rate-setting and budgeting process must be able to make adjustments that reflect the labor market in a timely way to enable providers to recruit and retain qualified workforce. This work needs to be maintained as a priority.

Without an effective rate setting process and adequate appropriation levels in place to fully staff services, the system of care is cracking. Some agencies are worried about whether they can truly ensure the health and safety of all the individuals in their care because of staff vacancies, so many new inexperienced staff, and the fact that some staff are working over 80 hours a week which may lead to mistakes due to exhaustion and stress. The under-resourced system of care has led hundreds of children and adults to wait up to 9 months for outpatient services, left people waiting for residential supports (sometimes staying in hotels), and reduced access to emergency services. One agency has simply stopped taking intakes for outpatient services because there are no available clinicians to serve more people, while another agency is scrambling to provide crisis services with so many of the team quitting that they will be down to only 2 staff soon. This is not the way we should be determining how limited resources are utilized. Without a comprehensive analytical rate setting process which enables a comprehensive approach to budgeting, we are not setting priorities at the state level, instead, services are discontinued where cracks from underfunding emerge in the health and human service system.

Underfunding mental health won't just be detrimental to the people whose mental health needs are unmet and growing in acuity, it also impacts the whole health care system. Unmet mental health needs increase physical health care needs and costs. For instance, untreated alcoholism leads to medical treatment. Untreated trauma negatively impacts physical health, as documented in the ACES studies of the health care cost of adults who experienced trauma as children.

Health care providers have recently raised concern about the increasing demands on them due to the underfunding of designated agencies as noted in the VT Digger commentary by primary care practitioner Ashley Miller. Furthermore, upstream home and community-based services effectively reduce the demand for hospital emergency and inpatient care. We appreciate that the Committee included the importance of appropriate levels of community care as part of health care transformation envisioned in S.285.

H.153 will ensure timely and appropriate rate setting and enable budget decision making based on comprehensive data to more effectively support the health and wellbeing of Vermonters.