S.183

Introduced by Senators Kitchel, Hardy and Lyons

Referred to Committee on

Date:

Subject: Executive; health; human services; Agency of Human Services; Agency of Health Care Administration

Statement of purpose of bill as introduced: This bill proposes to direct the Agency of Human Services and other stakeholders to develop a plan for dividing the current Agency of Human Services into two separate agencies, the Agency of Human Services and the Agency of Health Care Administration.

An act relating to planning for the Agency of Health Care Administration

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. FINDINGS

The General Assembly finds that:

(1) The Agency of Human Services was established by legislation enacted in 1970. By design, it became an umbrella agency that combined the Departments of Social Welfare, of Mental Health, of Health, and of Corrections as well as several small offices and boards.

(2) In 1970, large institutions dominated the service delivery system. The Brandon Training School, serving Vermonters with developmental

disabilities, had a census of over 600. The Vermont State Hospital in Waterbury, serving Vermonters with severe mental illness, had a census of approximately 1,200. The Weeks School in Vergennes served 275 delinquent or unmanageable youth. The State Prison in Windsor was operating, and the community correctional system did not exist. Medicaid coverage was limited to beneficiaries of public assistance, nursing home patients with limited income and resources, and medically needy individuals.

(3) In 1973, the Department of Social and Rehabilitation Services was created in response to a federal mandate for separate administration of the income maintenance function for social services for welfare-dependent families. A number of employment and social service programs were combined within the Department. Over the years, the jurisdiction of the Department of Social and Rehabilitation Services included alcohol and drug abuse programs, blind and visually impaired individuals, disability determinations, social services and child welfare, the Woodside Juvenile Rehabilitation Center, licensing, and child care. In addition, the Agency of Human Services took over vocational rehabilitation from the Department of Education and established a new Office of Economic Opportunity.

(4) In 1975, the Child Support Unit was added to the Department of Social Welfare to establish and enforce child support orders. In 1990, a separate Office of Child Support was created.

(5) In 1980, a fuel assistance program was created with the passage of the federal Low Income Home Energy Assistance Program (LIHEAP) legislation. This program has been administered by the Department of Social Welfare and its successor ever since.

(6) In 1983, a law requiring mandatory reporting of child abuse and neglect took effect. In 1982, the year before this law went into effect, there were 386 reports of child abuse or neglect. In 1983, the first year of mandatory reporting, the number of reports for investigation increased nearly 500 percent to 1,875.

(7) In 1986, the Reach Up program was created to assist welfare parents to become self-sufficient and self-supporting.

(8) In 1989, Dr. Dynasaur was established, providing health coverage for pregnant women and for children under seven years of age. VScript was created to provide discounts, and later partial subsidies, to aged Vermonters and Vermonters with disabilities.

(9) During 1990 and 1991, the Office of Aging was transformed into the Department of Aging and Independent Living.

(10) In 1993, eligibility for Dr. Dynasaur was expanded to provide health care coverage to children through 18 years of age living in households with income up to 300 percent of the federal poverty level (FPL).

(11) In 1994, the Welfare Restructuring demonstration project legislation passed. The Reach Up program expanded to support individualized case planning for families and to include work and training requirements.

(12) In 1995, legislation passed creating the Vermont Health Access Program pursuant to a Medicaid Section 1115 waiver to extend Medicaid eligibility to adults without children or a disability with income up to 150 percent FPL and adults with children up to 175 percent FPL. The waiver and savings projections were built around the introduction of managed care concepts for certain Medicaid beneficiaries.

(13) In 2003 and 2004, an Agency of Human Services reorganization effort intended to break down silos across departments resulted in the structure of the Agency today. The Office of Health Access began functioning as an independent entity and was elevated to a department in 2010.

(14) In 2004 and 2005, Vermont began operating under the Choices for Care and Global Commitment Medicaid Section 1115 waivers. Choices for Care provides older Vermonters and Vermonters with disabilities a choice between receiving long-term care services in a nursing home or through home- and community-based services. The Global Commitment waiver provides Vermont with flexibility in its Medicaid program. The waiver imposes a cap on the amount of federal Medicaid funding available to Vermont to provide acute care services to its Medicaid population. In exchange for

taking on the risk of operating under a capped funding arrangement, the waiver allows Vermont to use federal Medicaid funds to finance a broad array of the State's own non-Medicaid health programs.

(15) In 2006, Vermont passed 2006 Acts and Resolves No. 191, entitled An act relating to health care affordability for Vermonters. The act created Catamount Health, which expanded health care assistance through premium subsidies for adults up to 300 percent FPL. The act also established the Blueprint for Health, which is a program for integrating a system of health care for patients, improving the health of the overall population, and improving control over health care costs by promoting health maintenance, prevention, and care coordination and management.

(16) In 2010, the U.S. Congress passed the Patient Protection and Affordable Care Act, Pub. L. No. 111-148. This sweeping legislation makes the most significant changes to Medicaid since its creation in 1965. Key provisions include:

(A) A new national income standard for Medicaid eligibility for all adults. In fiscal year 2019, more than 37,000 childless adults in Vermont received Medicaid under this new standard.

(B) Improved coordination of care and services for individuals who are eligible for both Medicare and Medicaid.

(C) Reductions in Medicaid disproportionate share hospital payments.

(D) Increased federal funding for the Children's Health Insurance Program, which is one of the funding sources for Dr. Dynasaur, as well an enhanced federal medical assistance percentage for adults newly eligible for Medicaid and time-limited payment increases for primary care providers.

(E) A requirement that each state establish a health benefit exchange or allow the federal government to operate an exchange on its behalf.

(17) In 2011, Vermont enacted 2011 Acts and Resolves No. 48, which established the Vermont Health Benefit Exchange, created the Green Mountain Care Board, and laid the framework for Green Mountain Care, a publicly financed program of universal and unified health care for all Vermont residents.

(18) It is now 2024, and the organizational construct that brought together four departments in 1969 is no longer adequate for today's complexities and demands for accountability. Nowhere has the change been as dramatic as with health care. The role of State government in the financing, oversight, delivery system transformation, and health care marketplace has grown to the point where these functions require dedicated management and administrative leadership. Likewise, social and economic services and child

and adult protection responsibilities have been significantly expanded and need the attention of more focused management.

(19) The breadth and scope of the programs in the Agency of Human Services, its statutory obligations, its funding streams, and its other responsibilities are beyond the capacity of one individual agency head to oversee and manage effectively. Health care expenditures now constitute over 25 percent of total State spending, second only to spending on K–12 education.

(20) Creation of an Agency of Health Care Administration would provide the necessary organizational framework, aligned with the Blueprint for Health model, for a unified, systematic approach to the administration of health care policy and financing. It reflects that dramatic changes have occurred since 1970 in how coverage has been expanded to achieve the public policy goal of universal coverage and in how care is delivered and financed. The Secretary of this Agency would be a member of the Governor's Cabinet, which would provide clear and direct accountability for the administration of programs that constitute some of Vermont's largest expenditures.

Sec. 2. AGENCIES OF HEALTH CARE ADMINISTRATION AND OF HUMAN SERVICES; WORKING GROUP; REPORT

(a) Creation. There is created a working group to develop a plan for dividing the current Agency of Human Services into the two agencies, the Agency of Human Services and the Agency of Health Care Administration.

(b) Membership. The working group shall be composed of the following members:

(1) the Secretary of Human Services or designee;

(2) the commissioner of each department within the Agency of Human Services or their designees; and

(3) other interested stakeholders.

(c) Powers and duties.

(1) The working group shall develop a plan for dividing the current Agency of Human Services into two agencies as follows:

(A) an Agency of Human Services, comprising the Department of Corrections; the Department for Children and Families; the Department of Independent Living, which would provide services to Vermonters who are elders and to individuals with disabilities; and the Human Services Board; and

(B) an Agency of Health Care Administration comprising the Departments of Health Access, of Mental Health and Substance Misuse, of Long-Term Care, and of Public Health; the Health Care Board, which would act as a fair hearing board; and the Vermont Health Benefit Exchange.

(2) The working group shall also consider and recommend:

(A) ways to improve collaboration, integration, and alignment of services across the two agencies and their departments to deliver services built around the needs of individuals and families; and

(B) how to minimize any confusion or disruption that may result from implementing the plan and other recommended changes.

(d) Assistance. The working group shall have the administrative, technical, and legal assistance of the Agency of Human Services.

(e) Report. On or before January 15, 2025, the working group shall provide its findings and recommendations to the General Assembly and the Governor.

(f) Meetings.

(1) The Secretary of Human Services or designee shall call the first meeting of the working group to occur on or before July 1, 2024.

(2) The working group shall select a chair from among its members at the first meeting.

(3) A majority of the working group's membership shall constitute a quorum.

(4) The working group shall cease to exist on January 15, 2025.

Sec. 3. EFFECTIVE DATE

This act shall take effect on passage.