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**State of Vermont
AGENCY OF HUMAN SERVICES**

MEMORANDUM

TO: Chair Alyssa Black, House Health Care
FROM: Monica Ogelby, Vermont Medicaid Director
SUBJECT: Estimated 2026 Primary Care Funding Gaps
DATE: February 25, 2025

Per the Agency of Human Services' (AHS) testimony to the House Committee on Health Care on February 25, 2025, there are anticipated funding gaps for Vermont's primary care providers in 2026 for two reasons:

- 1. Closure of OneCare Vermont Entity:** With the end of Vermont's current all-payer model, the OneCare Vermont ACO entity will cease operations on 12/31/2025. OneCare Vermont has been enhancing payments to primary care providers for many years and providing population health management payments to other providers (e.g., home health agencies, area agencies on aging, and designated agencies). These enhanced and/or incentive payments have been made by reallocating funds across different providers within the system. Absent the current model, there is not a structure for similarly reallocating funds across payer sources and provider groups. Gaps labeled as OneCare Vermont programs in the following table are not temporary gaps for only 2026, but rather longer-term outstanding gaps until alternative funding is identified.
- 2. End of Current All-Payer Model:** Vermont will transition out of the current all-payer model with OneCare Vermont in 2026. Because there is no federal all-payer model for 2026, this creates at least a one-year gap in Medicare funding during which the Blueprint for Health and SASH programs will temporarily lose approximately \$10.8 million. This Medicare funding typically supports one year of Blueprint patient-centered Medical Home and Community Health Team operations, as well as

significant SASH programming. While the Governor's proposed budget includes state funds to address this Medicare shortfall, this necessary allocation means we cannot support additional pilot programs (i.e., "Mental Health Integration").

Table 1. 2026 Estimated Gaps in Vermont Primary Care Funding

Program	Gap	Total Gap Amount (millions)¹	Gap Fully Funded?	Gross DVHA Funding Secured (millions)²	Net Remaining Gap Amount	Notes
OneCare Vermont	Comprehensive Payment Reform (CPR) Bridge Funds	\$3.78	No	\$2.11	\$1.67	Funding for the total gap amount was not included in the Governor's Recommended Budget. However, the \$2.11M that has always been DVHA funded remains in DVHA's base budget for this purpose.
OneCare Vermont	Population Health Management Payments	\$14.16	No	\$4.80	\$9.36	Funding for the total gap amount was not included in the Governor's Recommended Budget. However, the \$4.8M that has always been DVHA funded remains in DVHA's base budget for this purpose.
Blueprint for Health	Patient-centered Medical Home	\$2.40	Yes	\$2.40	\$0.00	Part of the one-time requested funding of \$10.8M in Governor's Recommended Budget.

Program	Gap	Total Gap Amount (millions) ¹	Gap Fully Funded?	Gross DVHA Funding Secured (millions) ²	Net Remaining Gap Amount	Notes
	Medicare Payments					
Blueprint for Health	Community Health Team Medicare Payments	\$3.30	Yes	\$3.30	\$0.00	Part of the one-time requested funding of \$10.8M in Governor's Recommended Budget.
Blueprint for Health	Mental Health Integration	\$7.50	No, but unspent appropriations may carry forward	\$3.09	\$4.41	Funding for the total gap amount was not included in the Governor's Recommended Budget, but language is included in the House's version of BAA to amend the original pilot language to allow underspent appropriation to carry forward until expended.
SASH	Medicare Payments	\$5.10	Yes	\$5.10	\$0.00	Part of the one-time requested funding of \$10.8M in Governor's Recommended Budget.

Note: All funding amounts are estimated for 2026. ¹ Inclusive of DVHA funding, federal funding, hospital dues, and payer contributions.; ² Inclusive of both General Funds and federal match dollars.