

DVHA FY2027 Budget

DaShawn Groves, DrPH, MPH

Commissioner, Department of Vermont Health Access

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Overview

DVHA Overview

SFY 2027 Budget

DVHA SFY 2027 Admin Budget

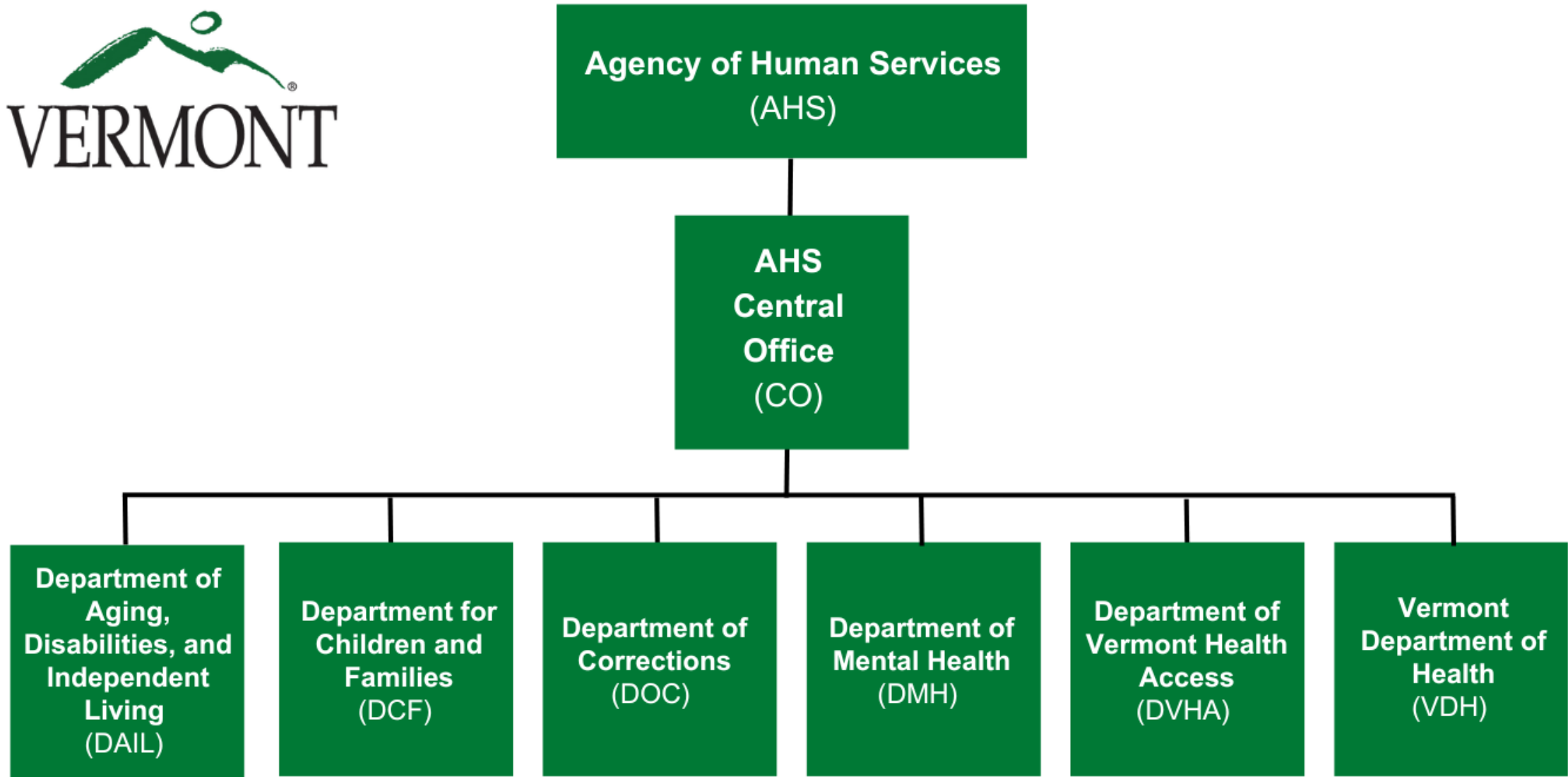
DVHA SFY 2027 Program Budget

One-time Funding

Key Accomplishments

General Fund (GF) amounts include both direct GF appropriations and the state match needed for any Global Commitment (GC) funds. This match is appropriated in the AHS CO GC budget

Items in blue font were also discussed in our BAA presentation



Mission, Values, Priorities

Mission

Improve Vermonters' health and well-being by providing access to high-quality, cost-effective health care.

Values

Transparency – We trust that we will achieve our collective goals most efficiently if we communicate the good, the bad, and the ugly with our partners and stakeholders.

Integrity – In the words of psychologist Brené Brown, we commit to “choosing courage over comfort.... choosing what is right over what is fun, fast, or easy.... choosing to practice [our] values rather than simply professing them.”

Service – Everything we do is funded by taxpayers to serve Vermonters. Therefore, we must ensure that our processes and policies are person-centered.

Priorities

Champion Member Centric Excellence

Promote a High-Quality Provider Network

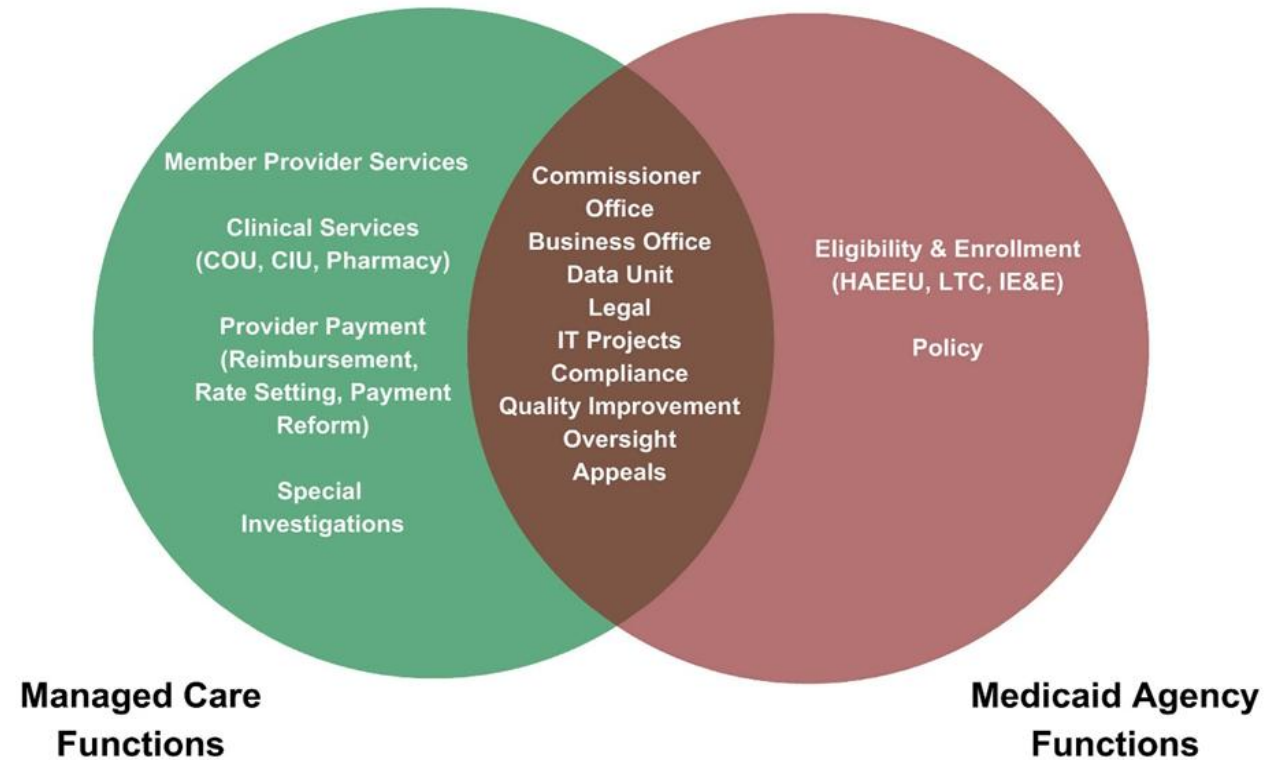
Advance Population Health & Quality Improvement

Strengthen Operational Infrastructure & System Modernization

Invest in People & Organizational Resilience

DVHA Serves a Unique Role as Medicaid Managed Care Program

Also serves core Medicaid program functions



DVHA Admin Budget – Staff

Salary & Wages

\$1.61m GF / \$1.37m Gross

This reflects the impact of Pay Act, annualization of new positions in VCCI, as well as any reclassifications or merit increases. This also reflects updated funding allocation based on the primary work performed by staff.

Benefits

Health Care	\$0.69m GF / \$0.92m Gross
Retirement	\$0.47m GF / \$0.41m Gross
All other, FMLI, Childcare	\$0.13m GF / -\$0.03m Gross

Vacancy Savings

-\$0.72m GF / -\$1.46m Gross

DVHA’s current vacancy and turnover time have been running at just over 5%, above the 3% level currently budgeted

DVHA Admin Budget - Contracts

VLA Medicare Advocacy Program Contract

-\$274k GF / -\$547k Gross

Proposing this contract be cancelled effective July 1, 2026 as statutory objective for recoveries in excess of contract cost has not been met.

Chief Medical Officer Support Contracts

\$27k GF / \$54k Gross

IT System Contracts

MMIS (Gainwell) updates and maintenance

\$0.15m GF / \$1.14m Gross

Call Center (Maximus)

\$52.7k GF / \$150.7k Gross

HEDIS contract discontinued

-\$151k GF / -\$302k Gross

MDWAS can now provide HEDIS measures allowing discontinuation of the standalone contract

DVHA Admin Budget – ADS and Operating Expenses

ADS Held Contracts

MDWAS (Deloitte) annualized maintenance and operations

\$2.12m GF / \$8.49m Gross

Oracle licenses increased cost

\$140k GF / \$400k Gross

MMIS (Gainwell)

\$67k GF / \$665k Gross

Operating Expenses

Net of all Internal Service Fund charge changes

\$0.60m GF / \$1.27m Gross

Rent - new leased space

\$159k GF / \$441k Gross

DVHA is slated to move into newly leased space at several Pilgrim Park locations in Waterbury owned by Malone Superior LLC.

HR 1 Impacts To DVHA Admin Budget

HR 1 is driving several significant changes to Medicaid eligibility that need to be implemented by January 1, 2027 including:

- Changes to health care eligibility based on immigration status,
- More frequent redeterminations (every 6 months) for new adults,
- Community engagement (work requirements) for new adults.

DVHA has estimated a total of 12 new positions will be needed in the eligibility unit to meet these requirements. The positions will be reassigned from the position pool, and we are requesting funding of just over **\$1m (\$510k GF)** for the estimated 9 months of position costs in SFY27 plus equipment needs. This cost will need to be annualized in the SFY28 budget.

These changes also impact our operating costs as more notices will be required to be printed and mailed on an ongoing basis; this is expected to cost **\$290k of which the GF share is \$72.5k**. HR1 driven system changes will be funded by State one-time appropriations and federal grants.

School Based Services will move to DVHA

Effective 10/1/2026, Medicaid School-Based Services will be administered by DVHA, and AOE will retain responsibility for alignment with education policy. The statutory amendments effectuating this change are in H.558/S.200. DVHA's budget will be adjusted to include new SBS special fund appropriations. There is no GF impact because of this change.

One New SBS positions in DVHA Business Office: **\$70k SBS SF / \$70k FF = \$140k Gross**

SBS IT systems annual maintenance expenses **-\$375k GF / \$1.125m SBS SF / \$750k FF/ \$1.5m Gross**

New SBS Electronic Health Record (EHR) and Random Motion Time Study (RMTS) systems will be implemented on 10/1/26. Startup costs for both systems are being covered by federal HCBS and grant funding. System will require ongoing maintenance beyond HCBS and grant funding.

Payments to School Districts ~ (projected) **\$17.0m SBS SF / ~\$17.0m Gross**

DVHA will make interim and final payments (of federal share) to the school districts. These will be based on cost reports and claims submitted by the school districts.

DVHA Program Budget – Baseline changes

Trend and Baseline Changes (combined across all appropriation lines)

Consensus -Caseload and Utilization	\$14.93m GF / \$35.48m Gross
Buy- In	\$0.702m GF / \$1.675m Gross
Clawback	\$1.521m GF / \$1.521m Gross
Annualization of MSP expansion (7 months)	\$2.851m GF / \$17.37m Gross
FQHC and RHC 2.7% MEI rate annualized	\$0.693m GF / \$1.654m Gross

Corrections to base budget

Applied Behavior Analysis – coding correction	-\$0.601m GF / -\$1.433m Gross
Family Planning rate not implementable	-\$0.085m GF / -\$0.850m Gross

DVHA Program Budget – Policy Changes

Rate Increase

Northeastern Family Institute (NFI) Hospital Diversion Program \$0.251m GF / \$0.601m Gross

Policy Changes that are Budget Reductions

Emergency Department per diem	-\$0.048m GF / -\$0.115m Gross
Dental Incentive Payment	-\$0.060m GF / -\$0.142m Gross
Increase Rx Co-Pays	-\$0.461m GF / -\$1.10m Gross
Utilization Management	-\$0.922m GF / -\$2.2m Gross
Base funding reduction	-\$2.01m GF / -\$5.0m Gross

SFY27 Requested One-time Funding

HR1 Required Systems changes

\$0.30m GF / \$3.0m Gross

The total changes for SFY27 are expected to be in the range of \$5m. Just under \$2m in 100% federal funds has been awarded to Vermont from HR1 to offset these costs. We expect remaining costs to be matched at 90%. The estimate will be refined and updated over the next several months.

HR1 specific outreach activity will also need to be funded. We hope this \$340k gross cost can be covered by the HR1 grant. If CMS determines the grant cannot be used for outreach, we expect the GF need to be 50% of this cost. This will need to be addressed in the updated overall costs over the next several months or in the next BAA.

SFY27 Requested One-time Funding

Provider Stabilization **\$2m GF**

Funding to support providers with demonstrated stabilization needs and a plan to achieve sustainability

<https://legislature.vermont.gov/assets/Legislative-Reports/DVHA-Legislative-Report-Provider-Stabilization-FINAL.pdf>

Type	Number of Applicants	Number Pending	Number of Approved	Award Amount
Hospital	5	3	1	\$350,000
Designated Agency	2	2	0	0
Residential Care	8	1	3	\$314,000
Psychiatric Hospital	1	0	0	0
FQHC	4	0	3	\$1,675,000
Primary Care	5	0	0	0
Safety Net Clinic	1	0	1	\$868,000
SUD Treatment	1	1	0	0

2025 Key Accomplishments

2025 Annual Report & Governor's Recommended Budget for State Fiscal Year 2027

- Marketplace Stability
- Provider Access and Stability
- Payment Reform and System Transition
- Affordability for Older Vermonters
- Strategic Direction and Governance

<https://dvha.vermont.gov/sites/dvha/files/documents/DVHA-25-27-annual-report-and-budget-book.pdf>



Contact

DaShawn.Groves@vermont.gov
Alex.McCracken@vermont.gov