Designated and Specialized Service Agencies

Providing an indispensable community-based system supporting mental health, substance use, and intellectual and developmental disability needs across Vermont

VERMONT CARE PARTNERS

Testimony for House Committee on Human Services
February 5, 2025

There are **16 agencies** in the Vermont Care Partner Network:

AGENCY	TYPE	SERVICES
Champlain Community Services (CCS)	Specialized Service Agency	Developmental Services
Clara Martin Center (CMC)	Designated Agency	Mental Health, Substance Use Provider
Counseling Service of Addison County (CSAC)	Designated Agency	Mental Health, Developmental Services, Substance Use Provider
Families First in Southern Vermont (FFSV)	Specialized Service Agency	Developmental Services
Green Mountain Support Services (GMSS)	Specialized Service Agency	Developmental Services
Health Care and Rehabilitation Services (HCRS)	Designated Agency	Mental Health, Developmental Services, Substance Use Provider
Howard Center (HC)	Designated Agency	Mental Health, Developmental Services, Substance Use Provider
Lamoille County Mental Health Services (LCMHS)	Designated Agency	Mental Health, Developmental Services
Lincoln Street, Inc. (LSI)	Specialized Service Agency	Developmental Services
NFI Vermont, Inc. (NFI)	Specialized Service Agency	Children, Youth, and Family Mental Health Services
Northeast Kingdom Human Services (NKHS)	Designated Agency	Mental Health, Developmental Services, Substance Use Provider
Northwestern Counseling and Support Services (NCSS)	Designated Agency	Mental Health, Developmental Services, Substance Use Provider (Children/Youth)
Rutland Mental Health Services / Community Care Network (RMHS)	Designated Agency	Mental Health, Developmental Services, Substance Use Provider
United Counseling Service (UCS)	Designated Agency	Mental Health, Developmental Services, Substance Use Provider
Upper Valley Services (UVS)	Designated Agency	Developmental Services
Washington County Mental Health Services (WCMHS)	Designated Agency	Mental Health, Developmental Services, Substance Use Provider

Stories from Families We Support

Status of Service Delivery in DS

Barriers to Service Delivery

Systemic Underfunding and Historic Rate Inadequacy

- For years, HCBS providers have operated under a reimbursement system that does not adequately reflect the true cost of delivering services.

Inherent Challenges in the Payment System

- The introduction of encounter data was meant to track services delivered. However, this data does not account for all the variables that impact service provision, such as the costs of overtime, staffing agency fees, or resource reallocation.

Cost Pressures from Workforce Challenges

- The current workforce crisis has placed unprecedented strain on providers
- Third-Party Staffing Costs: Many agencies must rely on staffing agencies, such as TLC, to fill critical gaps. These services come at significantly higher costs than the reimbursement rates accounted for, leaving providers to absorb the difference.
- Overtime Pay: With fewer workers available, agencies are increasingly dependent on overtime to meet individual needs. This unavoidable cost is similarly not reflected in the state-authorized service budgets.

Designated Agency Obligations & Acuity

- Vermont's designated agency system requires providers to serve all eligible individuals within their region, regardless of whether the approved funding is sufficient to meet those needs
- Need to triage services for people in crisis; we are often overserving in other parts of the system due to acuity
- <u>These are services required of the state to provide to Vermonters</u>

Navigating Staffing, Compliance, and Service Gaps

Authorized Hours vs. Budgeted Dollars

- While individuals may be authorized for a specific number of service hours it is often more appropriate to focus on the total funding allocated for their services. In cases where not every hour is delivered due to staffing shortages or other factors, it is highly likely that every dollar of their allocated funding is still being used. These funds are often redirected to cover unbudgeted expenses such as overtime, higher third-party staffing costs, or compliance requirements.

Data collection isn't as straightforward as it seems

- Encounter data cannot reflect the costs of meeting compliance requirements, administrative burdens, or filling gaps caused by workforce shortages.
- Data on undelivered services must be contextualized to include systemic funding shortfalls, the unbudgeted costs of maintaining staff, and mandatory reliance on expensive third-party providers.
- Required to deliver services that are not encounterable
- EMR systems are self-funded, as are the staff who oversee them; paperwork time is not paid

We are the safety net

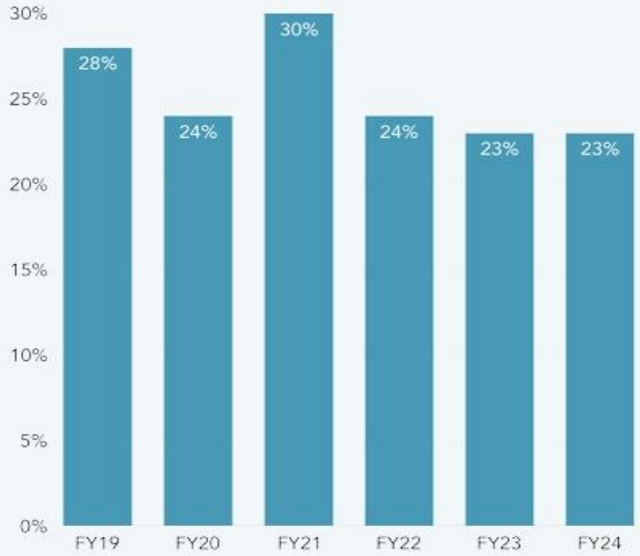
- There are very few numbers of people in hospital EDs, psychiatric facilities, etc. Every person who meets the criteria to receive services does receive services.
- We do not have wait lists like other states; we serve everyone in community

What assumptions are being made?

Current DA and SSA Workforce

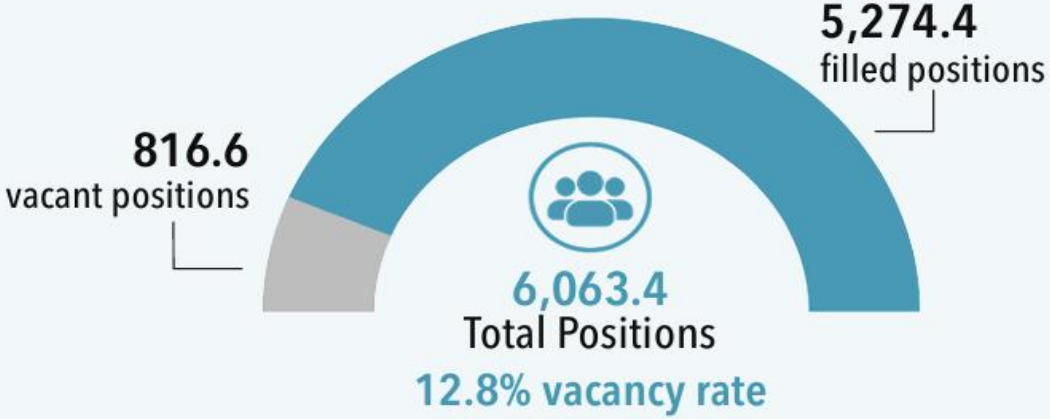
VCP Average Statewide Turnover FY19–24

The current turnover rate is 23%, which has trended lower over the past 5 years.



Vacancy Rates

The average vacancy rate on July 1, 2024, across all VCP member agencies was **12.8%**, with 816.6 positions out of 6,063.4 open. The vacancy rates by agency ranged from a low of 5% to 23.3%.



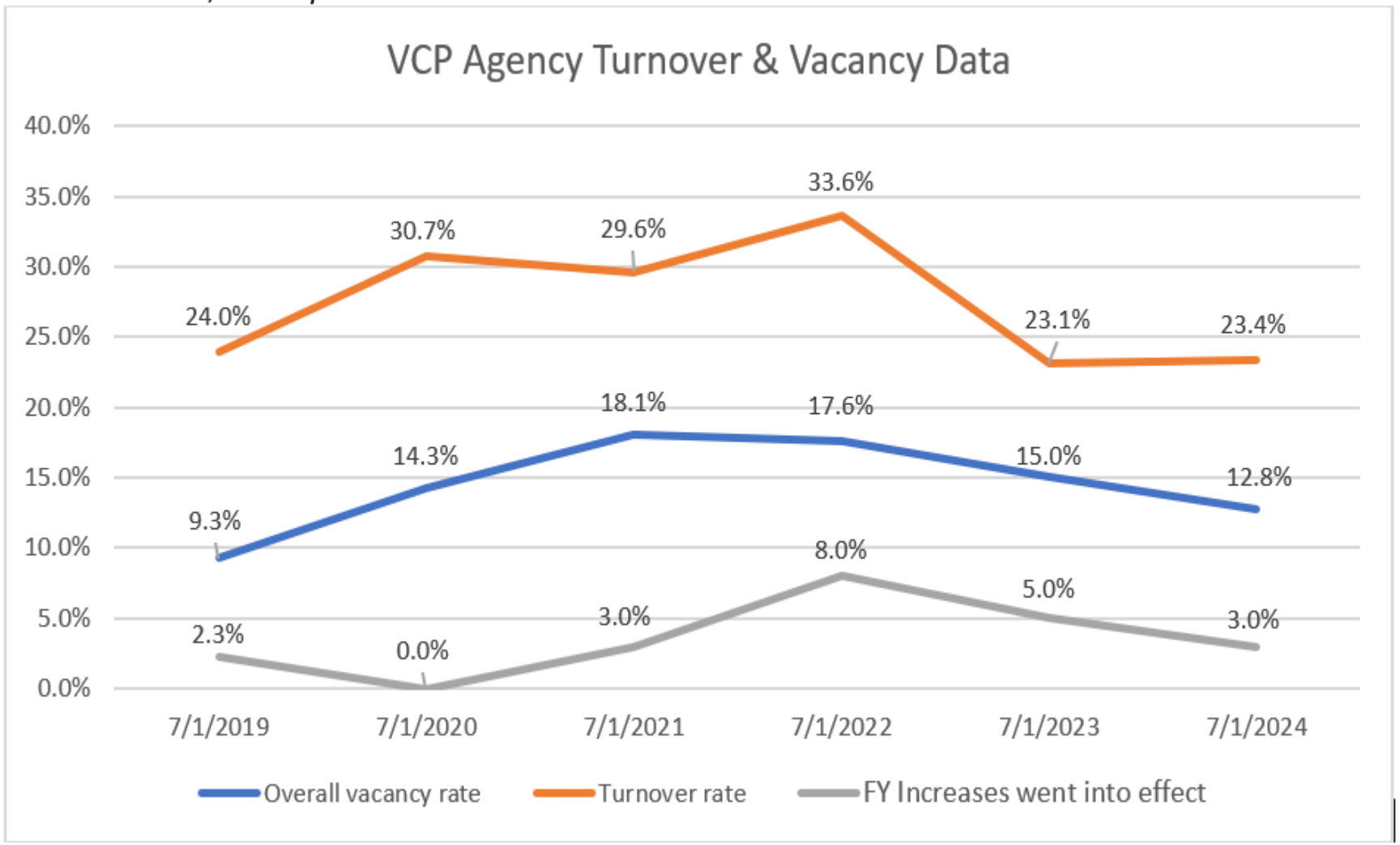
★ The staff are the reason we exist, they make the difference by providing direct community care. In FY24, network agencies implemented numerous policies that have resulted in increased rates of hire.

Workforce pressures are **REAL** and impact service delivery to Vermonters

Recruitment & Retention Challenges:

- Difficult to compete with other healthcare providers, state, schools
- Wage is insufficient for the work that DSPs are doing
- People on staff are already overworking
- Can't compete with tuition reimbursement/loan repayment like other orgs
- Hiring and training is expensive

Chart 1 Turnover, Vacancy vs rate increases



- Historically, legislative increases correlate with a decrease in turnover and vacancies across the VCP agencies. Note the 7/1/2022 increase of 8% correlated to an almost 10% decrease in vacancies and almost 2% decrease in turnover.
- Similarly, the 5% received on 7/1/2023 correlated to another 2.2% decrease in turnover, and allowed vacancies to hold steady.

Workforce Barriers & Impacts

WAGE

- Salaries need to empower people to meet their basic needs
- Reluctance in taking positions that cannot guarantee any kind of predictable increase.
- There is an imbalance between workload and compensation

BURNOUT

- Jobs in the mental health, substance use, and I/DD field are difficult and demand a lot
- burnout and empathy fatigue are real - people who care for others need to be cared for
- When other staff leave often the workload is shifted to already maxed out staff.

ADMINISTRATIVE BURDEN

Studies consistently show that physicians [and mental health workers] spend twice as much time on electronic documentation and clerical tasks compared to time providing direct. patient care. - Colicchio et al., 2019, Shanafelt et al., 2016

Other variables that impact vacancy rates:

- Childcare Access
- Food Deserts
- Available Transportation
- Affordable Housing Stock
- Competition

State of Finances in the DA/SSA System of Care

Chapter 207 : Community Mental Health and Developmental Services

(Cite as: 18 V.S.A. § 8914)

- **§ 8914. Rates of payments to designated and specialized service agencies**

(a) The Secretary of Human Services shall have sole responsibility for establishing the Departments of Health's, of Mental Health's, and of Disabilities, Aging, and Independent Living's rates of payments for designated and specialized service agencies that are reasonable and adequate to achieve the required outcomes for designated populations. When establishing rates of payment for designated and specialized service agencies, the Secretary shall adjust rates to take into account factors that include:

(1) the reasonable cost of any governmental mandate that has been enacted, adopted, or imposed by any State or federal authority; and

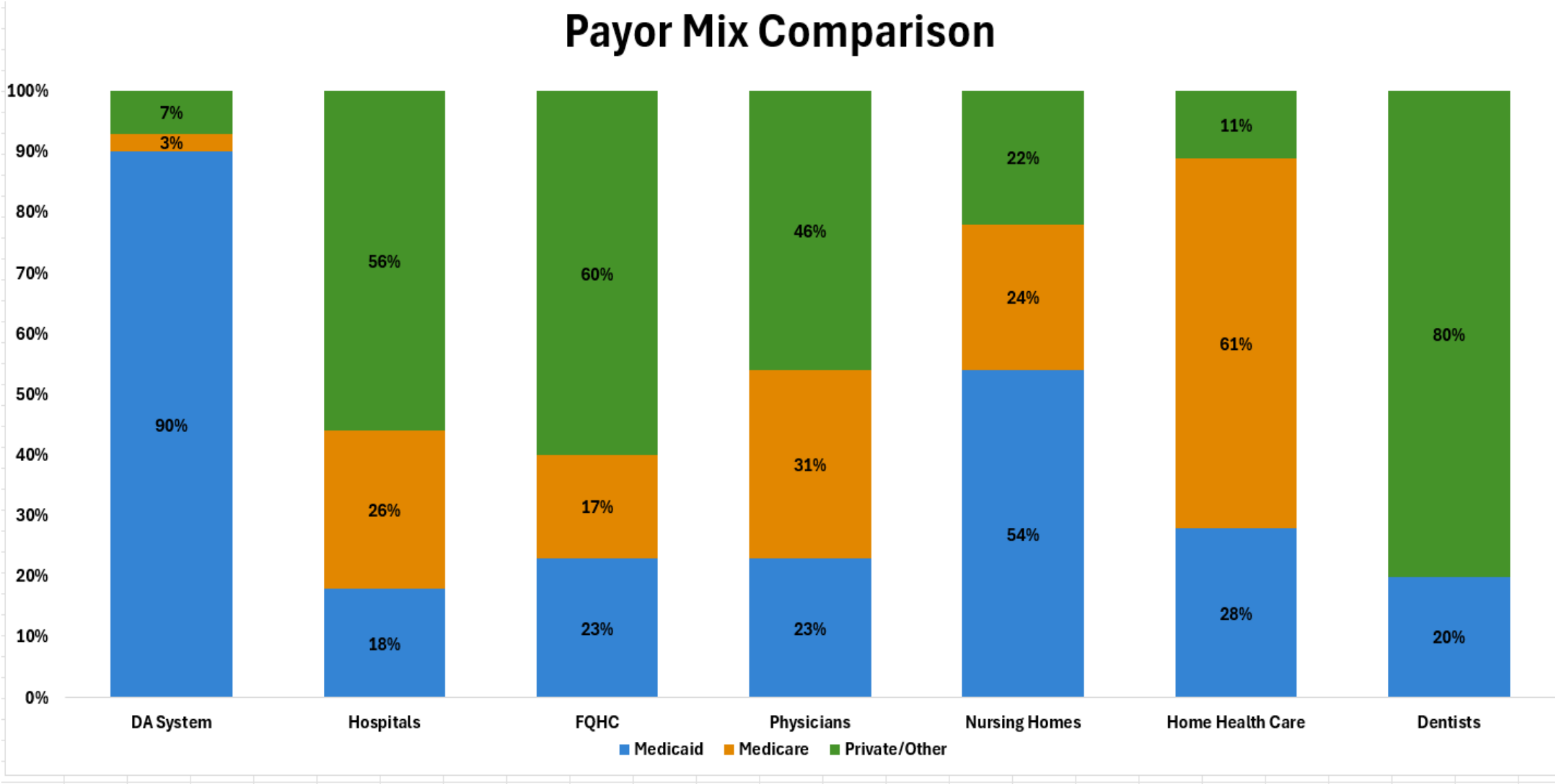
(2) a cost adjustment factor to reflect changes in reasonable costs of goods and services of designated and specialized service agencies, including those attributed to inflation and labor market dynamics.

(b) When establishing rates of payment for designated and specialized service agencies, the Secretary may consider geographic differences in wages, benefits, housing, and real estate costs in each region of the State. (Added 2017, No. 82, § 11, eff. June 15, 2017.)

New England Consumer Price Index vs AHS DA/SSA Inflationary Increases

	CPI Calendar year	Inflationary Appropriation, DMH/DAIL	**Variance bet/ DMH,DAIL and CPI**	Inflationary Appropriation, DSU	**Variance bet/ DSU and CPI**
FY08	5.00%	4.00%	-1.00%	0.00%	-5.0%
FY09	-1.17%	-1.25%	-0.08%	0.00%	1.2%
FY10	1.70%	0.00%	-1.70%	0.00%	-1.7%
FY11	3.36%	-2.00%	-5.36%	0.00%	-3.4%
FY12	1.45%	-2.50%	-3.95%	0.00%	-1.5%
FY13	1.55%	0.00%	-1.55%	0.00%	-1.5%
FY14	1.90%	3.00%	1.10%	1.50%	-0.4%
FY 15	0.00%	0.22%	0.22%	0.20%	0.2%
FY 16	0.80%	0.48%	-0.32%	0.00%	-0.8%
FY 17	1.50%	2.00%	0.50%	0.20%	-1.3%
FY 18	2.60%	2.10%	-0.50%	0.00%	-2.6%
FY 19	1.60%	3.80%	2.20%	0.00%	-1.6%
FY 20	1.60%	2.29%	0.69%	0.00%	-1.6%
FY 21	3.92%	0.00%	-3.92%	0.00%	-3.9%
FY 22	6.97%	3.00%	-3.97%	3.00%	-4.0%
FY 23	3.18%	8.00%	4.82%	5.00%	1.8%
FY 24	3.33%	3.00%	-0.33%	4.25%	0.9%
FY 25	3.33%	3.00%	-0.33%	3.00%	-0.3%
Cummulative	**42.62%**	29.14%	-13.48%	17.15%	-25.47%

Payor Mix Comparison

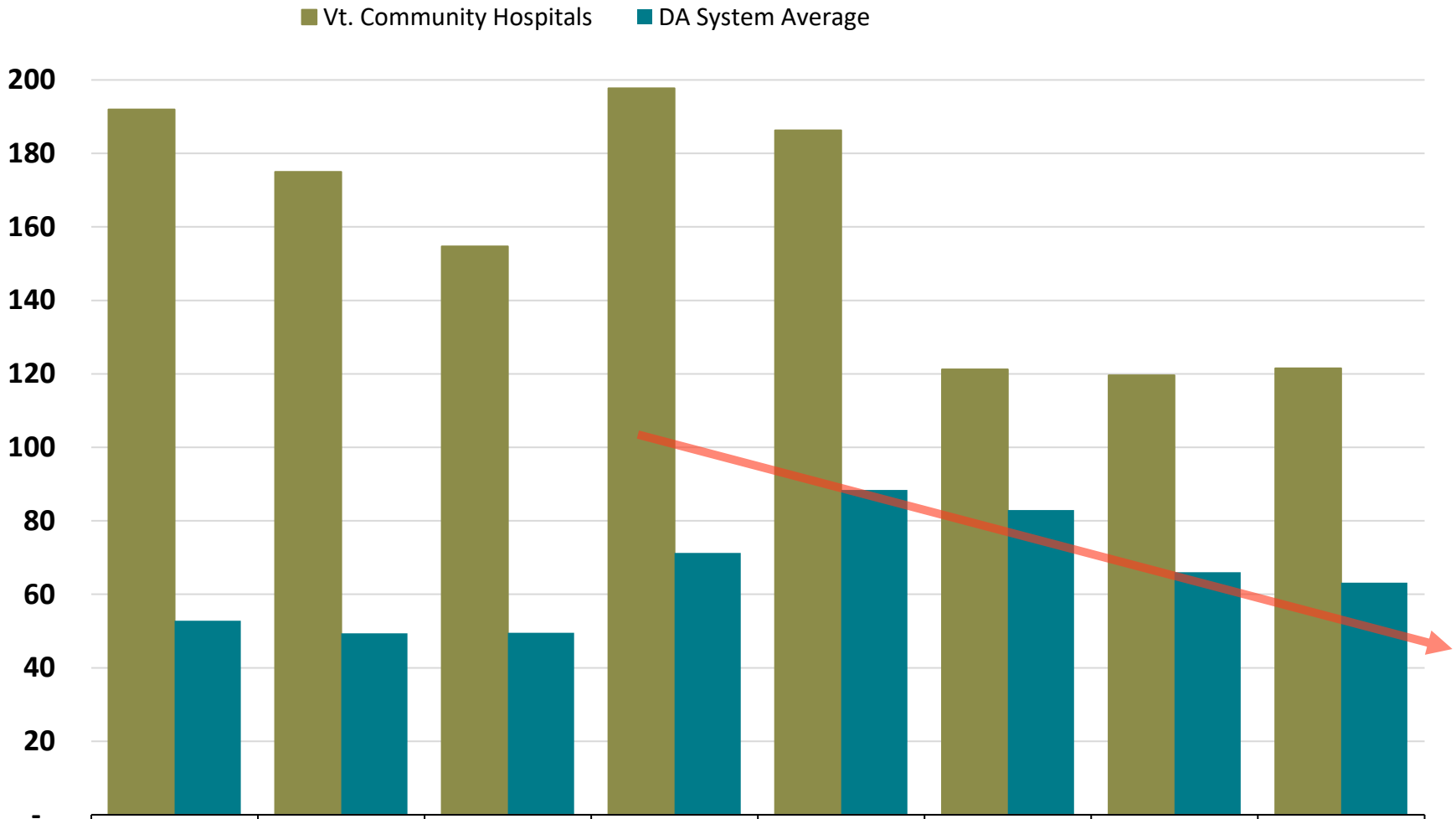


DA/SSA FY26 Non-staffing Budget Pressures

Budget Item	Projected increase
Health	13.5%
Other Fringe	6.2%
Other Insurances	6.5%
Other Operating	3.3%

The above anticipated growth in expenses, which do not include staff or contractual increases, alone would require a 3.3% increase in all XIX rates.

Days Cash on Hand



	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Vt. Community Hospitals	192	175	155	198	186	121	120	122
DA System Average	53	49	50	71	88	83	66	63

VCP Supports H.13 - Recommendations

- Addresses the current inadequate base rates AND addresses ongoing inflationary pressures
  - There's a need for regular rate reviews to ensure that services are properly funded and match the actual cost of care, inflation, and the cost of living.
- Regular predictable increases support recruitment and retention and agencies' ability to build budgets
  - Addressing wage increases and how rate reviews can help to ensure that staff are compensated adequately for the critical work they do.
- We need a rate review across the full system - if you only do it in one department it'll have unintended on other parts of the system
- Importance of transparent and accountable funding - we agree with a system of accountability that ensures funds are used effectively and fairly, with regular reviews to **make sure providers are not expected to do more with less.**
- Creating a clear and standardized methodology for rate-setting. If we get it wrong, we run the risk of continued destabilization of agencies
  - A transparent and inclusive process that recognizes service providers as key participants in cost assessments and rate reviews based on actual costs is essential
  - H.13 supports the Federal Access Rule

Thank You!

VERMONT CARE PARTNERS

Amy Johnson – Director of Government Affairs
amy@vermontcarepartners.org / (269) 873-1207