

MEMORANDUM

TO: Senator Ginny Lyons
Chair, Senate Committee on Health and Welfare

FROM: Alicia Cooper
Director of Managed Care Operations, Department of Vermont Health Access

DATE: April 17, 2026

SUBJECT: DVHA Comments on Proposed Prior Authorization Amendment

The Department of Vermont Health Access (DVHA) appreciates the opportunity to offer comments on the proposed amendment regarding a continuation of the prior authorization waiver that Medicaid implemented as part of the Vermont Medicaid Next Generation (VMNG) Accountable Care Organization (ACO) program.

For those who may not be familiar, DVHA implemented a waiver of Medicaid prior authorization requirements as part of the ACO contract with OneCare Vermont. This was in effect from 2017 until the end of the program in 2025. Under this arrangement, providers did not have to seek prior authorizations for Medicaid members who were attributed to the ACO for services that were part of the ACO's "Total Cost of Care" financial accountability. This prior authorization waiver was a popular feature of the Medicaid ACO program. It also provided DVHA with valuable data to inform changes that Medicaid made to its PA requirements more holistically. Currently, the main categories of Medicaid services requiring PAs are out-of-state services, and services that are either high-cost (such as genetic testing) or areas with greater potential for fraud, waste, or abuse (such as durable medical equipment and supplies).

DVHA has two primary concerns with the proposed amendment:

First, the VMNG ACO model and the Hospital Global Budget model are very different with regard to shared financial accountability. Under the ACO model, DVHA was comfortable waiving PA requirements because Medicaid and providers were sharing in the financial accountability for the total cost of care, regardless of where it is provided. Under the Hospital Global Budget model, the only shared accountability is for services that specifically happen within a participating hospital's organization. Many of the services for which Medicaid requires



PA are either high-cost, or are occurring out-of-state. If the PA waiver were to continue under the Hospital Global Budget model, it is less likely that a participating hospital would directly share financial accountability for that service.

Second, from a systems standpoint, the VMNG ACO PA waiver was implemented based on the ACO attribution model. The Hospital Global Budget model is not based on attribution, meaning we do not have a straightforward systematic way to continue implementing a PA waiver. Building the PA waiver logic into the system for the ACO program required a significant level of resources; because the two models are different, a second, distinct set of logic would be needed to operationalize a new version of a PA waiver, and the time and resources that would be needed to do so are unknown.

For these reasons, DVHA recommends against including this proposed amendment in H.611.

Thank you for the opportunity to provide the Department's position.