Sustaining the 2023-2025 Hub and Community Health Team Expansions

Executive Summary

Act 78 of 2023 provided two years of Medicaid funding for a pilot project targeted at the expansion of health services related to mental health and substance use in Vermont. The pilot consists of several components:

- Universal screening of primary care patients, including those from family medicine, pediatric, naturopath, and internal medicine practices, for mental health, substance use disorder, and social determinants of health;
- Expansion of health services related to mental health and substance use in Vermont primary care through allocation of additional Medicaid funding for the Blueprint for Health's Community Health Teams;
- Expansion of the Health Department's Hub opioid use treatment centers; and
- Support for Developmental Understanding and Legal Collaboration for Everyone (DULCE) family specialists in several pediatric and family practices

The annual cost to sustain all these programs for both VDH and Blueprint is estimated to be between $10M and $10.5M in Global Commitment Investment and Medicaid Administration funding, the state share of which is approximately $4.3M to $4.5M, depending which facets of the pilot are sustained long term.

Sec. E. 300.2 of Act 78 requires "*The Agency of Human Services, in collaboration with the Departments of Vermont Health Access and of Health, shall identify alternative fund sources, including sales tax revenue from tobacco, cannabis, and liquor, for ongoing funding of the Blueprint for Health Hub and Spoke [pilot] program [funded by Sec. B. 1100] and shall update the Joint Fiscal Committee on its findings on or before November 15, 2023.*"

The Joint Fiscal Office confirmed with Senator Kitchel and Rep Lanpher in August of 2023 that the intention of Act 78 Sec. E.300.2 is for the identification of alternative fund sources for the state match only to apply to the pilot program after the 2-year one-time appropriation is expended [see Appendix A].

This report provides summary information regarding this pilot project and baseline revenue information. Currently, no recommendation for using the specified alternative funding sources is proposed.

1. Introduction

Vermont has invested significant efforts and resources to integrate mental health and substance use prevention and treatment into primary care. Primary care is a critical touchpoint for all ages of Vermonters who may be experiencing mental health or substance use crises. Families of young children often seek childhood care, allowing practitioners to establish a long-lasting relationship that can ensure these families receive the critical supports they need. Integrating mental health and substance use treatment into the primary care setting moves this necessary and life-saving

care to where it is most accessible. This integration is the standard of care, reflected by the standards set by NCQA, HRSA, and the new Medicare model.

In 2023, legislation introduced a pilot project for the expansion of integrated health services related to mental health and substance use in Vermont. Three of the pilot's components include the expansion of the Blueprint for Health's Community Health Teams, support of the DULCE family specialist program, and an expansion of the Health Department's Hub opioid use treatment centers. Funded for two years, this project aims to address mental health and substance use in Vermont by providing increased access to prevention and screening services, brief interventions, and improved navigation to related social services for all ages.

1.1 Blueprint Community Health Team Expansion

The Blueprint for Health's Community Health Teams (CHTs) provide staffing and support to Blueprint Patient-Centered Medical Homes (PCMHs); primary care practices become PCMHs after meeting rigorous quality standards. The expansion program targets embedding CHT staff in PCMH practices to help address the growing mental health, substance use, and social determinants of health needs of the population. Embedded staff include mental health, substance use, and alcohol counselors, family specialists, social workers, community health workers, and psychologists. These staff provide critical support to Vermonters of all ages, including screenings, brief interventions, early childhood support, and assistance navigating to available services.

The pilot program provides funding for 82 full-time equivalent staff members. Staffing costs for full-time equivalent staff were determined by averaging the median Vermont salaries of these positions as provided by the US Bureau of Labor Statistics. The average total compensation cost per staff member, including benefits, was determined to be about $79,400 per annum.

The pilot program also increases quality improvement support to PCMHs through additional quality improvement facilitators, training, and data gathering and analysis. The estimated annual cost of this support is $1M.

Sustaining the CHT expansion requires funding to maintain these staff positions and quality improvement facilitators, approximately $7.5M annually. Any long-term funding source should also include consideration of regular cost of living adjustments to compensation for the quality improvement facilitators and CHT staff who provide these important services to Vermonters.

1.2 VDH Family Specialist Support

As part of the pilot expansion, the state is focusing significant efforts on providing expanded family support in the pediatric health care office (pediatrics and family medicine). This support is essential to meet the complex health and social needs, including mental health and substance use treatment needs, of families and reduce burnout among providers.

Initial efforts to date have been to sustain the successful Developmental Understanding and Legal Collaboration for Everyone (DULCE) program through the Vermont Department of Health Division of Family and Child Health. DULCE is an evidence-based approach that proactively addresses social determinants of health, promotes the healthy development of infants, and provides support to their families in the pediatric health care setting. As part of the pilot program, the State is

providing ongoing support for six DULCE sites in Vermont, allowing measurement of the impact of the program and evaluation for possible future expansion. To meet the requirements of DULCE, the Pilot funds an additional full-time Family Specialist in each of six pediatric practices; this position is in addition to the expanded Community Health Team capacity. The cost of operating a DULCE site is $150,000 annually, which can be prohibitive without the participation of commercial insurers.

While all pediatric practices in Vermont are not fully suited to DULCE, additional practices could benefit from expansion of the program, and all practices that serve Vermont children will benefit from the learning and foundational elements of this innovative approach. Throughout the summer and fall, the VDH Division of Family and Child Health has worked in close collaboration with the Blueprint for Health team and with partners at the Vermont Chapter of the American Academy of Pediatrics (AAP) and the Parent Child Center (PCC) Network to further design a pediatric model for all practices. While still under development, initial efforts are focused on early childhood services and incorporating these pediatric support elements into practices via Community Health Team resources. Early childhood and early relationships are foundational to healthy development across a child's lifetime. Vermont has a strong early childhood system; this work builds the bridges between the health care and early childhood systems to improve family wellbeing and make essential connections to care.

The pediatric model will provide universal learning for all practices serving children and their families on early relational health, Bright Futures health promotion and prevention, and the early childhood system of care. Based on size and capacity, practices will be encouraged to establish formal consultation with their local Parent Child Center to increase family and systems support. With support from commercial insurers, practices could embed PCC staff into their practice to provide expanded support to families during this critical time. In medium and large practices, this may be an additional half to full-time staff member in the pediatric office.

The next step in this design work is to expand the pediatric model for the entire pediatric population, with specific focus on the unique developmental and systems needs of children and adolescents ranging through early childhood, school age, adolescence, and young adulthood. This model will be based on utilizing embedded staff in CHTs to support children of all ages.

1.3 VDH Hub Expansion

Vermont Department of Health's Hub expansion program is in the implementation road map development phase. The program aims to utilize the two-year, $4.6M appropriation to expand Hub offerings to provide enhanced services for co-occurring illnesses, including mental health, physical health and other substance use disorders. VDH, in consultation with the Department of Mental Health, Department of Corrections, Department of Vermont Health Access, the Blueprint for Health, and direct service providers, has developed a Hub services future state design. Partnering with opioid Hub directors and medical directors, VDH is working to develop a phase one service package, identify training and resource needs, and identify funding sources for non-Medicaid eligible costs (e.g., training and materials). Concurrent efforts are underway to develop data collection needs and techniques, evaluation strategies, and payment processes.

There is an expectation from some that Hubs will be able to accept patients with other substance use disorder (SUD) diagnoses. VDH has received clarification from federal partners regarding

required service delivery expectations. Hubs cannot admit/serve individuals solely diagnosed with alcohol use disorder (AUD). Federal regulations require that an individual must have an opioid use disorder (OUD) diagnosis and be seeking treatment with medications for opioid use disorder (MOUD), to be admitted to a Hub. Hubs are, have been, and will continue to serve individuals with polysubstance use disorders. Visioning sessions and stakeholder alignment is underway to appropriately implement the enhancement of services to individuals with OUD and polysubstance use.

The complexity of the enhancements and recommendations may create some challenges given the two-year pilot expectation. Workforce capacity, including training, and the complexity of implementing the direct service delivery model will be challenges throughout the pilot program period. Continuation of the program is contingent upon determining an evaluation plan; currently, stakeholders have expressed concerns regarding the capacity available to monitor success. Due to this, estimates of costs for sustaining the expansion programs are given as a range.

1.4 Total Expansion Funding Requirements

Over the two years of the pilot, the Agency of Human Services (AHS) will be assessing programs and determining which are to be continued and expanded and the forms that these continuations and expansions will take. Sustaining the programs covered by this expansion requires annual funding of between $9.5M and $10.5M, depending on the programs that are continued. Currently all pilot expansion dollars are from Global Commitment and Medicaid Administration funding; the state share of this Medicaid funding is approximately $4.2M to $4.5M.

Medicaid is currently the sole payer for the Spoke, CHT Expansion, and DULCE family specialist program although these programs serve all Vermonters, regardless of insurance type. Commercial insurer participation could ease the burden on Medicaid and allow for continued expansion of these important services.

In addition, the funding sources should be able to support moderate compensation growth as most of the expansion programs fund salaries and benefits for health workers. At the conclusion of the pilot and pending Governor’s office agreement, the Agency of Human Services may make recommendations on funding sources for continuation of these pilot projects.

2. Baseline Information on Specific Revenue Sources

The directive in Act 78 requires the identification of alternative funding sources and specifies the sales tax on revenue from sales of cigarettes and tobacco related products, liquor, cannabis, and sports betting. Table 1, below, provides the baseline information on the revenue sources specified as provided by the Joint Fiscal Office.

To the extent there are sales taxes applied on any of these items, this revenue is currently deposited into the Education Fund and used in the annual education financing mechanism for PreK-12 Education. Any reallocation of the sales tax away from the Education Fund would impact the education property tax system. In the case of cannabis sales tax, that revenue is specifically allocated to afterschool programming.

Table 1, below, summarizes the other taxes that apply to these products or activities. These may be at the retail, wholesale, or revenue sharing level. The table provides the current rates levied and the estimated amount of revenue for FY2025 as adopted by the Emergency Board at their July 2023 meeting. Much of this funding is already deposited into the General Fund and some of these revenue lines have existing statutory or pending dedication directives.

	Cigarette/Tobacco Products/Vaping	Liquor	Cannabis	Sports Wagering
Statutory References	Title 32: Ch 205, S.7771 Title 32: Ch 205, S.7811	Title 7: Ch 1&9, S.421	Title 32: Ch 207, S7902	Title 31: Ch 25
Current Rate	Cigarettes: $3.08/pack Smokeless: $2.29/ounce Other Tobacco Products: 92% of wholesale	Up to 6% alcohol Malt & Vinous: $0.265/gallon Over 6% alcohol Malt & Vinous: $0.55/gallon Spirits: $1.10/gallon	Excise tax equal to 14% of cannabis sales price of each retail sale	Fiscal Note: Act 63 minimum allowable revenue share rate at 20% operating like a tax applied to the operator's adjusted gross revenue in VT
FY2025 estimated revenues	$73.7M To General Fund	$5.5M To General Fund (Liquor enterprise proceeds annually transferred to General Fund)	$15.2M FY2025: Cannabis Regulatory Fund FY2026 General Fund 30% allocated for prevention	$4.6M to $10.5M To Sports Wagering Enterprise Fund Problem gambling funding recommendations will be forthcoming.

Table 1: Brief Overview of Estimated Tax Revenues for FY2025

The taxes on cigarettes, tobacco, and vaping products currently provide the largest amount to the General Fund of the taxes considered. These taxes are estimated to total $73.7M in FY2025. Cannabis is a recently taxed product in Vermont and is estimated to provide $15.2M in FY2025 to the Cannabis Regulatory Fund. From FY2026 onward, the cannabis tax proceeds will be deposited into the General Fund, opening use of these proceeds to other areas. The liquor tax currently is estimated to provide $5.5M in FY2025 to the General Fund and is not currently restricted.

A new tax on sports betting is based on revenue sharing; contracts with authorized operators will be settled in the late fall of 2023. Initial estimates of the sports betting proceeds are between $4.5M and $10.5M for FY2025. The sports betting revenue sharing proceeds are to be deposited into a Sports Wagering Enterprise Fund with a direct application to the General Fund. Currently, some $900,000 of the FY2024 proceeds are already appropriated, and these appropriations may extend to FY2025.

Total FY2025 proceeds from taxes considered in this section are estimated at $98.9M with about $83.7M in the General Fund. Following the trends of these estimates and the availability of the cannabis tax in the General Fund, from FY2026 forward, between $99M and $105M may be available in the General Fund from these taxes. The increased availability of the cannabis and

sports betting proceeds starting in FY2026 may be one potential source to consider for ongoing funding of the Expansion, providing between $16M and $20M over current General Fund revenues.

3. Conclusion

As the pilot programs continue through 2025, AHS will be evaluating, refining, and determining which programs are beneficial to sustain as ongoing initiatives. The Blueprint CHT and VDH expansions would require funding at the level of $10M to $10.5M annually to sustain from FY2026 forward. This funding provides compensation for healthcare workers throughout the state and the source ideally should be able to react to cost of living increases necessary to retain these employees.

The amount required to sustain the Blueprint and VDH expansion from the General Fund is approximately half the estimated increase in General Funds projected from the cannabis and sports betting taxes proceeds beginning in FY2026. While revenues from these taxes may provide a funding source to sustain ongoing expansions, this report makes no recommendations regarding these taxes nor regarding their use as matching funds relative to competing priorities in future fiscal years.

Appendix A: Intent Clarification

From: Sarah Clark <sclark@leg.state.vt.us>
Sent: Tuesday, August 22, 2023 11:38:06 AM
To: Barrett, Stephanie <Stephanie.Barrett@vermont.gov>
Cc: Belliveau, Maria <mbelliveau@leg.state.vt.us>; Donahey, Richard <Richard.Donahey@vermont.gov>; O'Connell, Tracy E <Tracy.OConnell@vermont.gov>
Subject: FW: [External] RE: Act E.300.2 - intent clarification needed

EXTERNAL SENDER: Do not open attachments or click on links unless you recognize and trust the sender.

Good morning Stephanie,
JFO confirmed with Senator Kitchel and Rep Lanpher that the intention of Act 78 Sec. E.300.2 is for the identification of alternative fund sources for the state match only to apply to the pilot program after the 2-year one-time appropriation is expended.

Let me know if you need additional documentation for back-up.

Thanks,
Sarah

Sec. E.300.2 BLUEPRINT FOR HEALTH HUB AND SPOKE PROGRAM
PILOT; FUND SOURCES
(a) The Agency of Human Services, in collaboration with the Departments of Vermont Health Access and of Health, shall identify alternative fund
sources, including sales tax revenue from tobacco, cannabis, and liquor, for ongoing funding of the Blueprint for Health Hub and Spoke *(Pilot)* program *(funded in Sec. B.1100)* and shall update the Joint Fiscal Committee on its findings on or before November 15, 2023.

Thanks!

Sarah

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