

Legislative Update for January 19, 2015

Vermont Council of Developmental and Mental Health Services

Public Hearing on Budget Adjustment Scheduled

The Vermont House Committee on Appropriations will hold two public hearings on the fiscal year 2015 budget adjustment act: 1:15 p.m. to 2:15 p.m. Wednesday, Jan. 21, in Room 11 at the Statehouse and 9:30 a.m. to 10:30 a.m. Thursday, Jan. 22 in Room 10 at the Statehouse.

The Governor's proposed budget adjustment can be viewed at

http://www.leg.state.vt.us/jfo/budget_fy2015.aspx

Members of the public who wish to testify on the budget adjustment proposal should reserve a 3-5 minute time slot in advance. To do so, please contact Theresa Utton-Jerman at 802-828-5767 or toll free (800-322-5616) or e-mail tutton@leg.state.vt.us

The Council will testify about the \$435,000 cut to temporary housing vouchers for the mentally ill in the current year.

Specific data on Department Disability Aging and Independent Living Budget Adjustment Act

Developmental Services (DS)

- Direct Care Worker - Collective Bargaining Agreement (net neutral from AHS-CO \$ 1,289,974)
- SFI/CCC (severely functionally impaired & complex Community case reduction (\$200,000)
- Family Managed Respite - (IFS) Integrated Family Service Underutilization (\$1,200,000)
- Integrated Family Service (IFS) AHS budget neutral Transfers to other Departments (\$100,000)
- Developmental Services caseload (Underutilization) (\$646,497)
- Total adjustments in this section (\$856,523)

Specific Data on the Department of Mental Health Budget Adjustment Act

Rescission Items: (\$1,878,374) Gross (\$837,655) GF These were previously enacted reductions authorized by the Joint Fiscal Committee (Rescission) or big bill approved actions (management savings).

- Vacancy Savings: (\$205,023) Gross (\$90,433) GF DMH will recognize additional savings by strategically managing vacancies. Positions targeted for delayed hiring have been either under recruitment and remain unfilled with current savings prior to hire or are non-direct care positions that will be held open for longer periods of time without impact to persons served. Positions such as Program Auditor, Care Manager, Quality Management Coordinator, and Mental Health Analyst.
- Lease expense: (\$43,511) Gross (\$18,833) GF DMH has leased space at Harvest Lane in Williston Vermont. The space is used by the AHS Integrated Family Service collaboration, which includes the DMH Children's unit. This expenditure is the DMH share of the cost of that space. This is an initiative to bring comprehensive child and youth focused services under one umbrella entity within AHS. Promoting mental health services to this age group is core mission for DMH.
- Communications expenses: (\$17,889) Gross (\$8,491) GF Based on current utilization, DMH will realize savings in the communications line item in the FY 15 budget. New facility start up projections in this area were higher than the actual costs being realized in this area.

- Advertising expenses: (\$3,316) Gross (\$1,574) GF DMH will realize savings in advertising expenses for the remainder of FY 15. This will be done in part by combining position recruitment advertisements.
- Registration/Conference expenses: (\$31,919) Gross (\$15,150) GF DMH will realize savings by managing the number of conferences staff attend to core training requirements for the remainder of FY 15. This will aid in managing travel expenditures as well.
- Travel out-of-state: (\$7,955) Gross (\$3,776) GF DMH will realize savings by limiting out-of-state travel to only education or conferences that are required for the remainder of FY 15.
- Second Spring North: (\$571,494) Gross (\$248,657) GF The Second Spring North Program expenditures were reconciled in December. Projected costs for program startup saw savings of \$571K while the program was ramping up to current capacity. This underutilization of available funding will be recouped. This is one time savings now that the program is fully operational.
- Housing Vouchers: (\$437,139) Gross (\$190,199) GF This represents management of housing vouchers at the current funding level expended so far in FY 15. New housing vouchers will only be issued as there is attrition of existing voucher recipients through the program.
- Children's Non-Categorical: (\$68,414) Gross (\$29,767) GF This reduction is based on underutilization trends continuing into FY 15 by the Designated Agencies, and will not directly impact children served. The children's non-categorical dollars were created after changes were made to the Children's Personal Care Services (CPCS) program eligibility. The non-categorical funding was created for children referred by the Medicaid program who no longer qualify, in part or whole, for children's personal care services to address the child & family's needs based on a common assessment process across disabilities, providing service coordination, case management, skill development and respite.
- Pathways to Housing: (\$611,920) Gross (\$266,246) GF Pathways to Housing was given provisional Specialized Services Agency (SSA) status in June of 2014. Pathways uses a "Housing First" treatment model to offer structured, daily assertive treatment and support service to persons; and securing stable housing as a core treatment component. This funding supports services and supports to high risk populations who do not readily engage with traditional mental health treatment services, but may come to the attention of multiple community service organizations, law enforcement and court systems without these supports being in place. Emphasis on stable housing and engagement in their mental health and substance abuse treatment needs decreases the likelihood that higher cost settings will need to be accessed over time.
- Client Receipts: \$0 Gross (\$2,176) GF DMH intends to pursue all available revenue sources at the Middlesex Therapeutic Care Residence as well as at the Vermont Psychiatric Care Hospital. Self-pay and third party payments received from or on behalf of patients or residents at these facilities will be paid directly to the department for deposit into a special fund to offset expenditures of the facilities. Self-Pay is determined if there is no insurance coverage and based on the individual's ability to pay.

AHS Net Neutral

- Reach Up – AHS Net Neutral: (\$87,832) Gross (\$52,910) GF This is a transfer to VDH to support the new collaboration involving the Economic Services Division of DCF, DMH, and ADAP. The Community Health Services of Lamoille Valley (CHSLV) in Lamoille County will provide access to substance abuse and mental health services for Reach Up clients.
- Therapeutic Child Care – AHS Net Neutral: (\$267,821) Gross (\$116,529) GF This DCF program provides funding for Mental Health services for children under the age of five in day care settings. Therapeutic child care enables children who need extra support with their social skills,

emotions or behaviors to be successful in an integrated child care center. Therapeutic services such as case management, behavioral management strategies, and classroom consultation are provided for individual children in the program. Consultation and technical assistance are also provided to the staff in the child care center.

- ISB/Waivers – AHS Net Neutral: (\$1,233,233) Gross (\$536,580) GF This is a transfer of GC funding from DCF for Children’s Individualized Service and Enhanced Family Treatment (aka Home & Community Based Services Waivers) for children in DCF custody. It supports intensive services plans for children/youth who require intensive mental health supports and services to remain in their community who would otherwise need institutional-level care.
- Children’s ABA services – AHS Net Neutral: (\$2,133,763) Gross (\$928,400) GF Funding transfer from DVHA is to support Applied Behavior Analysis for children with autism spectrum disorders. This additional funding will be used to increase access to ABA services outside of the school setting for children with autism spectrum disorders who are Vermont Medicaid beneficiaries.
- IFS-Transfer to DMH from DAIL – AHS Net Neutral: (\$100,000) Gross (\$43,510) This is a transfer of the DAIL share for service expenditures to the child and adolescent population who are dually diagnosed with mental health and developmental disabilities who have high needs that falls outside of traditional eligibility for services.

House Human Services Receives an Overview from New Secretary of Human Services

Agency of Human Services (AHS) Secretary Hal Cohen began with a quick summary of his years of experience which includes 18 years at the community action agency in Central Vermont. He has also worked at a residential facility for youth, and has directed a drug and alcohol rehabilitation center.

AHS is the biggest agency in state government. He noted that the six departments in the agency include corrections which is important, because all of the departments support that population. Throughout his testimony he spoke about the need for the 6 departments to work together. The flexibility of the global commitment waiver for Medicaid funds was highlighted, as well. In reviewing the agency mission he spoke about the need to stabilize families and move families out of poverty so they are then self-reliant and self-sufficient.

The agency has a \$3.6 billion budget with nearly 3,800 staff. By next December they hope to be back in Waterbury, except for the Department of Health.

The cornerstone of the work of AHS is about integration:

- Integrated Family Services (IFS) bundled payments improve the use of funding and they hope to expand across the state
- Substance abuse treatment coordination
- Creative workforce solutions
- AHS housing task force
- Early childhood
- Health and human services enterprises (IT development)
- Recidivism taskforce

Challenges ahead:

- Limitations of the budget – which has led to tough choices

- Ensuring that we protect vulnerable Vermonters, such as the children under the custody of the Department of Children and Families
- Bending the curve on poverty, and providing safe and affordable housing, food security.

Representative Mike Mrowicki spoke about the people that no one wants to house due to their histories with bad credit and no positive references. He suggested that AHS create a course for how to be a responsible renter. Hal suggested intensive case management for tenants with a contract with the landlord.

Representative Triono noted the people stuck in corrections who can't find housing. This is especially an issue for sex offenders. The Secretary noted the value of transitional housing facilities which cost just \$15,000 per person. It gets people out of prison and reduces recidivism.

Representative Krowinski brought up the challenge of children who are homeless. The child protection task force recommends that VT should have the goal of having no homeless children. Secretary Cohen responded that one factor is substance abuse. We need to improve prevention and treatment of substance abuse.

He will testify again on legislative priorities this week. The information presented is available from this link:

<http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/House%20Human%20Services/Agency%20of%20Human%20Services/W~Hal%20Cohen~Agency%20of%20Human%20Services%20Overview~1-13-2015.pdf>

House Human Services Receives Overview on Disability and Aging Services

Commissioner Wehry testified to the House Committee on Human Services on January 15, 2015. To view her testimony go to:

<http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/House%20Human%20Services/Dept.%20of%20Disabilities,%20Aging%20&%20Independent%20Living/W~Dr.%20Susan%20Wehry~DAIL%20Overview~1-15-2015.pdf>

Commissioner Wehry described the mission of the Department as being [to be the best state to grow old or live with a disability and have dignity, respect and independence]. She emphasized the importance of person-centered services. She also said that they strive to be good leaders, partners and stewards of the public trust and public funds. It is important for the Department to be transparent and accountable.

The commissioner also spoke about disability, long term services and support work being done through the Vermont Health Care Improvement Project.

House Committee on Human Services Receives Overview of the Department of VT Health Access

DVHA Commissioner Mark Larson spoke about the goals of health reform and the interest in moving away from fee-for-service payments to value based payments. There will be follow-up testimony on the Blueprint for Health. He noted the implementation of the shared savings programs with the ACOs.

House Committee on Human Services Takes Testimony on Vermont Psychiatric Care Hospital

Commissioner Paul Dupre reviewed the 45 beds that treat people with serious mental illness. To be under the care of the Commissioner you have met the threshold of being in danger to yourself or others. There are five hospitals in the state which treat people who meet this criteria.

Jeff Rothenberg, the Chief Executive Officer of the hospital, spoke about the mission and vision and noted the complexity of running such a facility. Vermont is the only state in the nation without a separate forensic unit. The D unit has been used for just one patient at a time due to safety concerns for other patients. To date, 34 patients have been admitted. Those discharged have been there an average of 72 days. The hospital focuses on both safety and recovery.

Dr. Desjardins, the Chief Medical Officer, manages clinical care which requires balancing competing values of safety: predictability, order and consistency with recovery: autonomy recovery orientation, trauma informed care and dignity and compassion. She talked about the pressures of admitting people from emergency rooms and corrections while the state has prioritized self-determination over the imperative to treat mental illness involuntarily. The definition of acute and imminent risk of harm are very narrow. This causes delays in treatment of acute psychiatric illness for 20 to 30 days. People who are in for evaluation after committing significant crimes can be in the hospital for years. At this time there has been 79 patient to staff assaults.

Peter Bartlett, a psychiatric technician, has been with the state for 12 years and is a union steward. He said his co-workers are concerned about safety. Sometimes staffing is thin given acuity levels of the patients and units as a whole. In his opinion, staffing above the minimum levels would improve the safety of the hospital.

Governor Shumlin Presents fiscal year 2016 Budget Proposal

On January 15 Governor Shumlin presented his budget proposal for fiscal year 2016 to a joint session of the Vermont Senate and House of Representatives. The budget is the math to show how we will achieve what matters. The revenue forecast for fiscal year 2016 projects \$40 million higher than last year at this time. Revenue is only growing at 3%, plus we have been also losing federal revenues. The Governor stated that we must bring the cost of state services in line with the projected growth in revenues. The budget gap is now \$94 million. Since we can't raise revenues year after year, we must reduce the budget growth rate to improve sustainability.

The Governor described 5 principles for the budget:

1. It will fully fund retirement contributions and the general fund transfer to the education fund.
2. It will address ways for state government to be more efficient creating \$15 million in savings, including \$9 million savings in state personnel costs.
3. There will be no cuts to programs that contribute to economy and programs for the vulnerable, funds will be sustained at last year's levels.
4. There will be no cuts to state programs that will do more harm than good and no cuts from child protection services. Addiction has fueled much child abuse so criminal justice rapid intervention will continue and there will be an increases in drug treatment spending of 16%.
5. Balance is necessary, so there is a proposal to close an income tax loop hole to raise revenues.

The Governor declared that we must grow the economy. This requires controlling increases in health care spending. He is also committed to improving Vermont's health care system as set forth in Act 48,

by moving to payment for outcomes and fixing chronic underfunding of Medicaid. The Governor outlined a five-point plan to make progress towards these goals:

- Pursue the Federal “All Payer” Waiver: Vermont must continue work to become the first state to move from the current quantity based, fee for service system to one that pays providers for the quality outcomes they produce by pursuing an “all payer” waiver with the federal government. The Green Mountain Care Board (GMCB) is working closely with the Administration to submit a waiver application to the federal government that will allow the alignment of how providers are paid across private insurance and public programs to ensure that providers have the right incentives for improving quality and reducing cost. The Governor wants to secure this waiver by January 1, 2017.
- Strengthen the Green Mountain Care Board: To make sure that the Board institutionalizes its early cost containment success, the Governor is asking the legislature to enhance its role as a central regulator so it can treat health care like the public good that it is and ensure that Vermont has an integrated, cost-effective health care system for the long run. Specifically, the Governor wants to give the Board the ability to act where needed to open investigations into pressing issues and problems; programmatic and budget approval of the Vermont Information Technology Leader, VITL, to ensure alignment of health care technology investments with a more integrated, universal statewide system; and the power to approve innovative payment and delivery models promoted by Accountable Care Organizations, physicians, and clinics.
- Invest in Vermont’s Blueprint for Health and Payment Reform: To build on the early success this effort has shown in bending the cost curve while ensuring high quality health care for Vermonters, the Governor’s budget more than doubles payments to Medicaid’s Blueprint providers with a new \$4.5 million appropriation, which includes increasing Medicaid’s community health team payments by \$1 million and adding \$3.5 million to Medicaid medical home payments. The budget also supports Home Health organizations with an additional \$1.25 million to help them move forward with payment reform and invests \$500,000 to leverage \$5 million in federal funds to expand and support community providers such as the Support and Services at Home (SASH) program, Vermont Care Alliance, and others.
- Reduce by Half the Medicaid Cost Shift: To address the Medicaid cost shift that drives up private insurance premiums by an astonishing \$150 million every year, the Governor is proposing to invest \$25 million in the latter half of FY 2016, when new insurance rates begin, for payments to health care providers. On an annualized basis, this will mean \$50 million in cost shift reduction. To ensure that the cost shift is not further exacerbated by the nearly 20,000 newly insured Vermonters resulting from Vermont Health Connect, the budget also includes \$30 million to cover these Vermonters in Medicaid. All of these increases will help compensate Medicaid providers more fairly for the work that they do to keep their patients healthy, stabilizing the entire health care system for the benefit of all. Together, these increased payments will reduce the current Medicaid cost shift by half. The Governor’s budget proposal includes language to ensure the Green Mountain Care Board with insurers and hospitals will recover the savings created by these increased payments, reducing premiums by up to 5 percent from what they would have been.
- Cut the Uninsured Rate by Expanding Access and Increasing Affordability: The Governor’s budget sets aside an additional \$2 million to help Vermonters pay for their out of pocket health care costs, doubling state funding available to help Vermonters afford to go to the doctor when they are sick, treat their chronic conditions, and pay for their prescriptions through Vermont Health Connect Cost Sharing Reductions. These funds will be targeted to families with income between \$48,000 and \$72,000 who often feel the burden of high out of pocket costs. The Governor reiterated that he is open to other ideas to increase health care affordability, increase coverage, or provide backstop care for our few remaining uninsured.

To pay for these health investments, the Governor is proposing a seven tenths of one percent (0.7

percent) payroll tax on Vermont businesses. Every dollar raised will draw down \$1.10 in federal funds, more than doubling the money raised through the payroll tax. In FY2016, the proposal would raise \$41 million in state funds matched with an additional \$45 million in federal dollars. The money raised from this tax will go into the State Health Care Resource Fund and all of it will be dedicated to reducing the cost shift and improving health care quality and delivery.

About \$55 million of will be applied directly to the cost shift to reduce private insurance premiums, essentially getting \$55 million in relief for \$45 million raised in state funds.

Here is a summary of the Governor's budget proposal based on data available from the Joint Fiscal Office. Governor Shumlin's Budget Proposal for Fiscal Year 2016 includes a 2.5% increase in Medicaid rates (including DA/SSAs) effective January 1, 2016. Plus there is approximately \$8.8 million for developmental services caseload increases (includes equity expected to be returned). In the Department of Mental Health \$1.2 million in ISB/Waivers caseload increases. There is \$6.3 million in ADAP (Department of Health) for expanding addictions treatment. There is additional \$300,000 for opiate treatment in Bennington in the DVHA (Medicaid) budget.

At this time the Council is researching a \$1.9 million reduction in existing developmental services which would amount to a 1% rescission, which was found deep in the budget documents. Commissioner Wehry plans to respond to our inquiry on January 20th.

House Human Services and Housing and General Affairs Hears About Proposed Housing Voucher Cut

Mental Health Commissioner Paul Dupre testified on Housing Voucher reduction in the Governor's proposed budget adjustment bill. The Commissioner said that the housing vouchers are generally not totally used and people can apply for other housing vouchers through other state programs. Recently, only 1 out of 4 people who got housing vouchers used them and DMH has been using only about \$840,000 worth of vouchers over the past few years, leaving room to reduce the budget by the proposed \$437,000.

Commissioner Dupre described the benefits of the proposed cut as having the least impact on existing services as compared to other potential cuts in funding. On the negative side, those who are not in the CRT program may not have as many housing resources available to them.

Legislators questioned why money was added for Pathways for Housing. Pathways has a housing first model; they work with people who don't want to use the traditional system. The Commissioner said that they show outstanding outcomes and they have made a commitment to become a Specialized Service Agency. They are serving 140 people who would otherwise be in the DMH budget. Representative Kitty Toll clarified that the State is just replacing a SAMHSA grant now, because last year they did not have money in the budget for this. Now that Pathways is provisionally designated as a Specialized Service Agency (SSA), it can receive global commitment funds.

Erhardt Manake of the Low Income Housing Coalition and Hillary Melton of Pathway for Housing spoke about the services for 200 people in 6 Vermont counties. Erhardt explained the challenges of finding housing, securing vouchers and the poor forecast for future housing vouchers in Vermont. People living on SSI or SSDI can only afford \$225/month for housing. Unsubsidized apartments cost \$500 to \$900 per month. These people also need supportive services from Designated Agencies, Pathways or shelters. Vermont needs units of housing, rental subsidies and supportive services for the special needs population to obtain and retain housing. Eligibility criteria for vouchers was narrowed a few years ago.

It is only for people who are at risk of hospitalization or in a hospital. Shelters send people to emergency rooms when they cannot handle behaviors in the shelters. The problem is the next person who comes to the door and those who don't meet the restrictive criteria. The housing fund in CRT can be used for first and last month's rent and to keep apartments open during hospitalization.

Christie Everette, of the Clara Martin Center testified that this move could lead to damage to designated agency system. The designated system is the safety net for everyone in the state. Why cut our funding that would be potentially available for the whole state? She said the designated agencies have a proven track record. Through Act 79 we have developed services creatively with different funding and services and succeeded in helping people get out of hospital emergency rooms and inpatient care. Without access to housing funds people will end up back in emergency rooms. Multiple changes in voucher criteria, which now require documentation of homelessness, shrunk our ability to meet people's needs. If the funding shifts to pathways, they will be faced with the same issues. She also pointed out that Pathways only has provisional SSA status and must prove they can meet criteria. Collaboration between Pathways and the designated agencies has not played out in a number of communities. Christie suggested that instead of shifting funds, there should be increased flexibility in the use of housing funds. If the state removes housing funding, individuals in CRT who are vulnerable adults, will lose an important resource.

Representative Berry agreed that greater flexibility in housing support funds could open up options that could be used so people can stay housed and would be better than adding duplicate funding to a separate system of care.

House Human Services follow-up discussion on Budget Adjustment

In a follow-up discussion in the House Committee on Human Services, members felt it is unfortunate that Pathways and housing vouchers are seen as competing funds. Representative Haas suggested that designated agencies are grumpy because they have had a monopoly. Representative Pugh pointed out that there is a limited pot of funds and Pathways was added to that pot as another provider. Pathways is still on probation, so it may be appropriate to assess if they have achieved requirements to get off of probation. Representative Haas pointed out that the legislature doesn't make policy changes in budget adjustment – we should be true to that.

Committee Chair Pugh said they will make two decisions: 1. should there be a new cap on MH housing vouchers; 2. Should Pathways get the money to make up for lost federal funds. The Council will work with the Department of Mental Health to provide the necessary information for the Committee to make those decisions.

To take action or for more information, including the weekly committee schedules:

- Legislative home page: <http://www.leg.state.vt.us>
- Sergeant-at-Arms Office: (802) 828-2228 or (800) 322-5616
- State House fax (to reach any member): (802) 828-2424
- State House mailing address (to reach any member):

Your Legislator

State House

115 State Street, Drawer 33

Montpelier, VT 05633-5501

- Email, home address and phone: Legislators' email addresses and home contacts may be found on the Legislature home page at <http://www.leg.state.vt.us>
- Governor Peter Shumlin (802) 828-3333 or <http://governor.vermont.gov/>

The purpose of the legislative update is to inform individuals who are interested in developmental, mental health and substance abuse services about legislative advocacy, policy development and activities that occur in the State Legislature. The Vermont Council is a non-profit trade association whose membership consists of 16 designated developmental and mental health agencies.

Julie Tessler

Executive Director Vermont Council of Developmental and Mental Health Services

137 Elm Street

Montpelier, VT 05602

Office: 802 223-1773 Cell: 802 279-0464