



Supporting Vermonters to lead healthy and satisfying lives community by community

## Legislative Update for April 23, 2019

### Senate Appropriations Committee Dives into State Budget Development

The Senate Appropriations Committee took testimony from multiple advocates over the period of nearly three hours on April 16<sup>th</sup>. Testimony related to the people served by DA/SSAs included:

Chuck Myers, NFI and Kelly Smith

<https://legislature.vermont.gov/Documents/2020/WorkGroups/Senate%20Appropriations/FY%202020%20BUDGET/12%20Advocates%20Testimony/H.542~Chuck%20Myers-Kelly%20Smith~NFI%20VT~4-17-2019.pdf>

Julie Tessler, Vermont Care Partners

<https://legislature.vermont.gov/Documents/2020/WorkGroups/Senate%20Appropriations/FY%202020%20BUDGET/12%20Advocates%20Testimony/H.542~Julie%20Tessler~VT%20Care%20Partners~4-16-2019.pdf>

Susan Aronoff, Developmental Disability Council

<https://legislature.vermont.gov/Documents/2020/WorkGroups/Senate%20Appropriations/FY%202020%20BUDGET/12%20Advocates%20Testimony/H.542~Susan%20Aronoff~VT%20Developmental%20Disabilities%20Council~4-16-2019.pdf>

Later in the week the Committee reviewed the funding requests and expressed strong support for the request by Vermont Care Partners to distribute Tobacco Settlement Funds for workforce development through a flexible program for tuition assistance and loan repayment for staff of designated and specialized service agencies (DA/SSAs) in exchange for a 3-year commitment to employment at DA/SSAs. Information on how the majority of DA/SSA staff pursues higher education through online programs and schools outside of the state college system or the University of Vermont was compelling to the Committee. They would like to distribute the funds without further planning and review processes by the Agency of Human Services as was proposed by the House.

The Committee also made immediate decisions to eliminate two instances of study language from the House Budget Bill. First, Senator Sears believes that a proposed study by the Secretary of Administration about creating savings in state expenditures by consolidating administrative functions of community-based agencies, including DA/SSAs, by both regional configuration and statewide affiliations is over-reach. Second, at Senator Kitchel's recommendation, the Committee eliminated language requiring the Secretary of Human Services to evaluate service delivery methods of the Agency and its community partners to identify opportunities to improve efficiency while ensuring high-quality client services.

The Senate Appropriations Committee plans to complete the budget in time for full Senate approval by May 7<sup>th</sup>. They will then conference with Representatives from the House Appropriations Committee to finalize the bill for approval by the full Legislature with the goal of a mid-May adjournment.

### **Agency of Human Services Chief Financial Officer Explains Medicaid Limits to Senate Appropriations**

Senator Kitchel spoke about the limit of Medicaid funds giving the example of the large increase of \$18 million in Success Beyond Six moving us closer to the federal Medicaid Cap. Sarah Clark, CFO of AHS agreed that now overall budget neutrality is weighed against the overall Medicaid cap and each year has a specific limit on investments. She recommends analyzing every Medicaid policy decision against the cap –including investments. Each investment pushes us closer to the budget neutrality cap and needs to be examined carefully.

Longstanding Centers for Medicaid and Medicare Services (CMS) policy requires that Medicaid Section 1115(a) demonstrations be budget neutral to the federal government; meaning that federal Medicaid expenditures for a state cannot be allowed to exceed what would have occurred without the waiver. The “without waiver” budget ceiling is calculated using a CMS and State agreed upon methodology with growth trends that estimate what the cost of Medicaid services would be absent the demonstration. For a waiver to be budget neutral, actual Medicaid service expenditures –plus the cost of any expenditure authorized under the demonstration – cannot be greater than the projected “without waiver” expenditures.

Actual Global Commitment expenses are approaching the ceiling due to:

- Increased utilization (DS caseload, Success Beyond Six)
- Rate increases (Dartmouth Hitchcock Medical Center, Brattleboro Retreat, DA/SSA wages)
- New services (i.e., Nasal Endoscopy, Colorectal Cancer Screening, additional Cystic Fibrosis test)

We are expecting to be within 10% of the 2019 Medicaid cap. In calendar year 2018 there was just a \$36,000 margin between Vermont’s expenditures and the investment cap.

The limitation on Medicaid funding is now an issue for the minimum wage bill. The House General, Housing and Military Affairs Committee received information from the Joint Fiscal Office indicating that the bill would require increases in Medicaid rates for home health and other community providers. The Joint Fiscal Office reported to the Committee that the bill, if enacted would lead to a Medicaid rate increase of \$8 million to cover the first five years it would take to phase in the wage increase. Because Designated and Specialized Service Agencies already have a minimum wage of \$14 per hour, it would take several years before our rates would be impacted by the minimum wage. However, as the state minimum wage gets closer to our minimum wage it could impact our ability to recruit and retain entry level staff. The Committee has received testimony about the need for some level of wage differential for entry level workers from the home health agencies.

### **House Appropriations Committee Takes Testimony from the State Housing Authority**

Richard Williams, the Executive Director of the State housing Authority spoke about the importance of rental subsidies due to the high cost of housing. He pointed out that over 70% of the people in public housing need supportive services. Richard said not enough supports are available for the tenants due to limited resources so the vouchers are not fully used. People who have special needs are generally prioritized for accessing public housing.

Erhard Mahnke of the Vermont Affordable Housing Coalition said only a ¼ of people who need subsidized housing are able to access it. He particularly spoke about the need for service coordination. In 2020 Vermont will do a comprehensive needs assessment of people who need rental assistance. He said it costs an average of \$10,000 annually to support an individual with mental health conditions to succeed in public housing.

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

- Legislative home page: <https://legislature.vermont.gov/>
- 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 <https://legislature.vermont.gov/>
- Governor Phil Scott (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 which works in partnership with Vermont Care Network to form Vermont Care Partners. Together our mission is to provide statewide leadership for an integrated, high quality system of comprehensive services and supports. Our membership consists of 16 designated developmental and mental health agencies.