Legislative Update for April 28, 2020

The COVID-19 pandemic has changed the focus of Vermont Care Partners’ advocacy efforts as our provider network has revamped our services to meet the needs of Vermonters in new ways with careful precautions for health and safety of those we serve, our workforce and partners. Legislative work is now happening remotely.

Updates on State Actions and Advocacy

The Legislature Makes Adjustments in Response to the COVID-19 Pandemic
The Legislature is meeting remotely and has been holding caucuses and rules meetings remotely, as well. Key legislation that will need to be passed includes: FY20 budget adjustment, FY21 budget, as well as changes to election and open meeting laws. Some additional legislation including a bill to support essential workers may also continue to move forward.

Update of the New Fiscal Realities
Excellent summaries of Vermont’s current fiscal picture are updated weekly and can be found at this link developed at the Joint Fiscal Office website: https://ljfo.vermont.gov/subjects/covid-19-documents/jfo-updates-and-information $1.4 billion is coming in through federal grants, with some funds earmarked for specific purposes, but $1.25 billion comes with greater flexibility. The guidance for those funds is here: https://ljfo.vermont.gov/assets/Subjects/Revenue-Fund-Updates-and-Issue-Briefs/db958d5c0b/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf
Allowable expenditures Include:
1. Necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19);
2. Expenditures that were not accounted for in the budgets approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state government; and
3. Expenditures incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

The following is a list of examples of costs that would not be eligible expenditures of payments from the Fund.

1. Expenses for the State share of Medicaid  
2. Damages covered by insurance  
3. Payroll or benefit expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency

In addition to those funds $38 million will be generated through an enhanced Medicaid match rate and $1 billion has been awarded to individual businesses with fewer than 500 employees, including some designated and specialized service agencies. See the details here:  

Due to the fluid fiscal picture the Administration and Legislature are looking at another budget adjustment act to finish out fiscal year 2020. An initial proposal from the Administration will be presented to the Legislature the week of May 4th. After that is completed, work will commence on a FY21 budget that will only be focused on the first quarter of the fiscal year with the expectations of another FY21 budget bill to be developed starting in late summer when anticipated revenues and expenses become more defined in August. There is a real possibility of rescissions, possible at the level of 5% or higher, which will be necessary due to significant revenue decline in fiscal years 20 and 21.

Every Tuesday the Joint Fiscal Office produces a weekly update. Today’s update is here:  

On Wednesday April 30th economist Tom Kavet will present an updated revenue projection to the two appropriations committees. Steve Klein, the Director of the Joint Fiscal Office gave this summary about the revenues in today’s update:

"It is expected that revenues in FY 2021 will be below those received in FY 2020, which will raise issues for spending levels in the FY 2021 budget. The forecast will be preliminary and not necessarily consensus as the Administration will not be fully participating until the middle of May. It will change as more information becomes available and we get final April numbers.

The preliminary projection is to enable legislative money committees to begin the FY 2021 budgetary process in a timely way. It is likely that the pandemic will impact revenues through FY 2022, but out-year impacts will not be estimated at this point.

Joint Fiscal Committee Adopts Conditions for the Acceptance of the Coronavirus Relief Funds to Vermont

On April 27th the Joint Fiscal Committee adopted rules for how the State of Vermont will spend the $1.25 billion Coronavirus Relief Fund federal grant. After the Joint Fiscal Committee (JFC) accepts the funds the process to spend them will balance both the importance of meeting the immediate needs of Vermonter and the ability to provide a rapid response through the grant acceptance process, with the Vermont Constitution: “No money shall be drawn out of the Treasury, unless first appropriated by act of legislation.”
The proposal conditions for the grant’s acceptance has three levels/allocations for expenditures:

1. The Administration would be authorized to spend up to $60 million for health and safety and other emergency response needs, including the following:
   a. Reimbursement for expenditures that have already taken place using other sources of funds and bills that may still be outstanding for the actions taken to date.
   b. Ensuring that the State preserves its flexible funds while using more restricted funds where possible.
   c. Meeting new or currently unforeseen immediate needs that arise through the State systems where time is a critical factor.
   d. The total amount allocated under this subsection can be increased by JFC or the Legislature as the pandemic and response unfold to the extent that the need changes.

2. Subject to review and pre-approval of JFC, the Administration would be authorized to spend up to an additional $150 million for time-sensitive critical needs that cannot wait for the appropriations process.
   a. These funds cannot be spent without JFC approval. They would be used for expenditures furthering the goal of an active emergency response to the needs of the unfolding pandemic. The funds are a reserve for unknowns. The use of funds would be where health and safety, critical timing, and the emergency nature of the needs are issues.
   b. The funds can also be authorized to reimburse for state or other funds that have already been expended for COVID-19 response, consistent with the goal to apply the most appropriate allowed federal resources to all COVID-19 response expenditures.
   c. The Administration would submit a request to JFC, and JFC would be charged to meet within one week to ensure that specific spending needs are addressed in a timely way.
   d. Where the JFC chooses not to act or determines the proposal should be held, the proposal could be presented for legislative action.

3. The remaining funds would be subject to appropriation by the Legislature.
   a. These appropriations will be in budget bills or program/subject-specific legislation during the current legislative session or in an anticipated legislative session this summer and fall.

**Special Education Discussed by House Education Committee**
On April 28th the House Education reviewed S.343, a bill passed by the Senate which:

- Delays the implementation of Act 173 by extending the life of the Census Based Advisory Group to June 2023; increases the number of group meetings from 8 to 12;
- Extends the timeline for public comment on the Series 2200 rulemaking;
- Adds a June 2021 deadline for initiating rulemaking for independent schools to accept students with special education needs; and
- Pushes back to June 2021 the date that the Agency of Education has to look at its process for approval in special ed categories.

A straw poll showed unanimous support for the bill, and they plan to vote on it formally on April 29th. The Committee also discussed a difference in approach with the Senate Education Committee for the 19 districts who don’t have budgets. The conversations between the two Committees are continuing, with no plan forward yet.
Children’s Integrated Services
On April 21, a joint committee of Senate Health and Welfare and House Human Services heard testimony on Children’s Integrated Services [CIS]. Livestream available here and testimony here. CIS Director Morgan Cole shared that CIS services are being provided remotely via telemedicine. Many families are struggling to access the services due to connectivity issues or from feeling overwhelmed. She noted a 5-25% drop in service volume, but a bigger concern of a 75% drop in referrals. CIS is developing a retainer fund for fiscal relief based on 20% losses, planning for three months.

Cole noted that the state is required to make changes to its payment model by January 2021. Due to the COVID crisis, they are considering delaying July 1 implementation of the new payment model but haven’t made any decisions. They have heard that there would be significant administrative challenges to moving forward due to the crisis. Cole noted that the following regions will see decreases in the new model: Chittenden, St. Johnsbury, Rutland, Springfield; Barre is about neutral; Brattleboro, Bennington, Lamoille, Hartford will see increases; and Addison and St. Albans are funded through IFS. She noted that the new case rate is significantly below what the cost study indicated it should be (by $2.4 million). They are providing $100,000 in transitional funds to regions who will see decreases to “help cushion the blow.” She noted that due to low reimbursement, it is already hard to retain CIS staff, and that this impacts care. “Regions are struggling to pull down their full contract due to this issue.”

Cole was asked about performance measures. Encounter data collected in recent months is helping but does not include client-level outcomes; “Phase 2” of payment reform is building our monitoring plan. She noted that the state is working on a statewide longitudinal data plan with the Agency of Education that could potentially show the positive long-term effects and cost savings of early intervention. Chloe Learey, Executive Director of the Winston Prouty Center, shared their experiences of providing CIS services. She noted that they contract with HCRS for Early Childhood Mental Health Services. She sees the case rate as “something that could help pull us through” given the drop in service volume.

There was some discussion about whether one-time federal dollars could be leveraged to support this program. Representative Wood cautioned about use of one-time funds to “bump up rates that we can’t sustain.” Senator Lyons suggested that perhaps one-time federal IT dollars could be used to implement an IT system that could improve outcome reporting in a way that could promote sustainability through effective outcomes measurement. She noted that there may be significant federal funds available for IT.

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
• Legislators' email addresses 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.