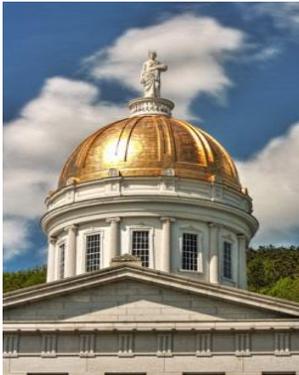




Supporting Vermonters to lead healthy and satisfying lives community by community

## Legislative Update for May 19<sup>th</sup>, 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 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.*

### **House Appropriation Receives Briefing on FY21 Budget Request**

The House Appropriations Committee took testimony from Adam Greshin, Commissioner of Finance and Management on March 18<sup>th</sup>. He shared the FY21 budget development process, as well as the directions provided to the Agencies and Departments on May 12<sup>th</sup> for responses on May 15<sup>th</sup>. Each Agency and Department submitted a request for the first quarter (3 months) of FY21 at 23% of the FY20 budget level. This is equivalent to an 8% reduction when annualized. In light of the April 28<sup>th</sup> revenue forecast for 15% reduction (\$430 million) Commissioner Greshin said "I don't think we are being too severe". The revenue estimates are subject to change, but he is not anticipating significant changes. The Committee was told to expect to receive the "skinny" budget request by the end of the week.

The Administration will submit the full FY21 budget in late August or early September after the new revenue forecast becomes available in mid-August. Committee Chair Kitty Toll expressed concern that if the budget request does not arrive to the Legislature until early September that it won't leave sufficient time for the legislative process and the Governor's final review process to be enacted into law by October 1<sup>st</sup>. Representative Diane Lanpher added that time is needed for public hearings. The Committee is also concerned that significant reductions in funding require difficult decisions about complex policy and programs. Rather than making across the board cuts, they want to consider whether some programs and services will need to be eliminated. Additionally, if policies change the rules process will take time to implement those changes. Given these concerns they proposed that the Administration do a 4-month budget initially, so there is more time to make major changes in the FY21 state budget that would become effective November 1<sup>st</sup>. The Committee Chair asked about how they could work together to avoid finding themselves at odds about major program decisions.

The Administration has negotiated the FY21 and FY22 pay act with the state employees. In FY21 it calls for a \$1,400 payment to all employees effective July 1<sup>st</sup> and includes step increases but no cost of living adjustments (COLAs). In FY22 state employees would get both COLAs and step increases. Generally, the Legislature simply incorporates the negotiated package into the state budget.

The Legislature may choose not to do the 23% 3-month budget with across the board cuts equivalent to 8%. Representative Feldman questioned not cutting more. Commissioner Greshin said a more dramatic cut would require more time and he would rather wait for a full-fledged revenue forecast. From his perspective the skinny budget is a “head start” on the FY21 reductions.

Representative Mary Hooper pointed out that the mental health providers have made sure people are housed and cared for successfully reducing expensive inpatient care. She asked about how we will continue standing up these systems that have enabled us to achieve these outcomes. She said we “May need to invest in one place to get payoffs in other places”

### **Updates of Federal Funding**

On May 18<sup>th</sup> Stephanie Barrett of the Joint Fiscal gave an update to the House Appropriations Committee on federal funds. Here are the highlights that relate to developmental and mental health services.

- \$55 million for COVID-19 testing just came into the state.
- \$54 million in provider relief funds went to AHS several weeks ago with another \$16 million anticipated.
- Hospitals and other health providers received \$73 million directly from the federal government. Stephanie believes additional funds will be going directly from the federal government to health providers. Hospitals will need to report these funds to GMCB.
- K-12 schools will receive \$28 million based on the Title 1 formula after July 1<sup>st</sup>. An additional \$4.4 million may be used by the Governor for any educational purpose. Independent schools, UVM and State Colleges are all vying for these funds.
- If the federal state of emergency continues past July 1<sup>st</sup> the FMAP increase could continue and add \$19 million in federal Medicaid funds for the first quarter of FY21.
- There is \$1 million for tenant-based rental assistance. (In previous testimony the Department of Housing and Community Development said they were working on a 3-month rental assistance plan to avoid evictions.)

### **Budget Adjustment Bill at Finish Line in the House**

The House passed the supplemental budget adjustment bill through the second reading and will finalize it during the third reading on May 20<sup>th</sup>. This second budget adjustment bill addresses changes required due to the pandemic to balance the state budget through the end of FY20 for a total cost of \$200 million. The expenditures approved will draw upon reserve funds and federal Corona Virus Relief Funds (CRF). Some of the shortfall is due to decreased revenues and some is due to a delay in income tax payments to the State from April to July.

### **House Human Services Learns about the New Budget Adjustment Proposal for AHS**

Sarah Clark, CFO for the Agency of Human Services (AHS) gave the House Human Services Committee an overview of the spending plan proposed for the remainder of FY20.

The Adjustment has \$37.7 million less in spending than the first budget adjustment for this fiscal year. The primary decrease is due to the 6.2% bump in FMAP which created more federal (and less state)

funds for Medicaid expenditures equivalent to \$38 million in state savings. Due to COVID-19 there has been a decrease in health care utilization further reducing pressure on the Medicaid budget. They are requesting a new appropriation for the Secretary's office for FEMA reimbursed expenditures of \$6.1 million for covering housing, feeding and related costs for individuals at isolation and recovery centers. There was \$1.5 million in extra funds received from a suboxone recovery agreement. AHS is proposing \$10 million added to the \$25 million reserved for the closeout for FY20 for unforeseen expenditures. This allows AHS to cover expenses without legislative approval for closing books after the fiscal year is over. The additional funds are because of the unpredictable expenses this year. The DVHA budget has funding for the retainer payments. Adjustments in the DMH budget relate to the loss of Medicare revenue at the Vermont Psychiatric Care Hospital and the SAMHSA grant for \$1.1 in new federal funds.

### **Senate Health and Welfare and House Health Care Committees Receive Budget Update from AHS**

The House and Senate health care committees received a similar update to that of the House Human Services Committee. On Monday, May 11<sup>th</sup> JFC approved expenditures of \$160 Million in corona virus relief fund (CRF) spending for the Agency of Human Services. As of that date AHS had made payments to providers of \$4.3 million for phase 1 of the retainer payments and there will be additional payments for May and June as part of phase 2.

DMH Commissioner Sarah Squirrell reported on the loss of Medicare funds at the Vermont Psychiatric Care Hospital. The DMH budget adjustment also includes the \$1 million SAMHSA grant for provision of crisis intervention, mental health and substance use disorder services. The grant will help prepare for a possible surge of mental health needs. DMH is hoping to support further development of telehealth through tablets, phones, etc.. They also plan to help with renovations to crisis facilities to adjust to the COVID-19 precautions. Grant funds can be used also for purchase of vans to serve people where they are. Additional grant funds are being made available to Pathways to achieve 24-hour coverage on their warm line and to NAMI-VT for support to peers and families. It will also increase access to care for healthcare workers with mental disorders. A summary of the funding request is here:

<https://legislature.vermont.gov/Documents/2020/WorkGroups/Senate%20Health%20and%20Welfare/COVID-19/W~Sarah%20Squirrell~Department%20of%20Mental%20Health%20FY2020%20Budget%20Adjustment%20Act%20Testimony~5-14-2020.pdf>

Corey Gustafson, Commissioner of DVHA highlighted the decrease in health care utilization by \$12 million due to concerns about keeping hospital bed space open and the need to keep people safe. He explained how DVHA is making payments to providers to address the losses they are experiencing due to COVID-19. He noted that each provider group is in a different circumstance so there are different tracks for different providers. He said that all providers have not been made whole. Services are down but DVHA got funds out the door to preserve access.

Mari Cordes asked about outreach to the immigrant and undocumented worker population. Commissioner Squirrell will think about inserting outreach to those populations into the Grant. Bill Lippert added that LGBTQTA youth may need additional support. He would like attention on all at-risk groups. Commissioner Squirrell said the crisis counseling grant from FEMA is also a resource and agreed that working with the specific organizations for these populations may be the best approach. Representative Donahue is concerned about how long the grant will go and if the work is sustainable when the funds are gone.

### **Senate Health and Welfare Considers Extension of COVID-19 Health Care Measures**

On May 13 Senate Health and Welfare looked at [Act 91](#). Senator Lyons noted that the committee has fielded requests to extend this legislation past the State of Emergency. Legislative Council Carbee walked through the bill. Relevant sections for DAs/SSAs include flexibilities around licensing; AHS having the ability to waive provider requirements and provide payments to ensure the viability of the services; providers following VDH guidance; flexibilities around HIPAA compliance; requirement to obtain written/verbal consent to treatment for telehealth; and others.

The committee will consider how long after the State of Emergency they would want to extend each section (if applicable). Providers are requesting this on a time-limited basis, not a permanent change. Senator Lyons clarified that if the COVID-19 State of Emergency ends but then starts again, these statutes would still apply.

#### ***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.