ONE BALDWIN STREET
MONTPELIER, VT 05633-5701

TEL: (802) 828-2295
FAX: (802) 828-2483
www.leg.state.vt.us/jfo

GENERAL ASSEMBLY
STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Agenda
Thursday, September 14, 2017
Room 10, State House

10:00 a.m. A. Call to order and approve minutes of July 21, 2017 **[Approved]** [*doc*]

10:05 a.m. B. Administration's Fiscal Updates
Adam Greshin, Commissioner, and
Matt Riven, Deputy Commissioner, Department of Finance & Management
1. FY2017 Final Closeout
2. FY2018 Budget Adjustment Pressures
3. FY2019 Budget Development Process and Instructions
4. Management Savings Timeframe [Sec. B.1102 of Act 85 of 2017]
5. General Fund 27/53 Reserve – report on anticipated liability for the next 27th payroll and 53rd week of Medicaid payments. [32 V.S.A. Sec. 308e(a)(2)] [*doc*]

10:20 a.m. C. Fiscal Office Updates [*doc*]
Fiscal Officers' Report – Stephen Klein, Chief Fiscal Officer

10:45 a.m. D. Federal Funding Update
Chris Saunders, Legislative Assistant, U.S. Senator Patrick Leahy's Office
Kathryn Becker Van Haste, Health Policy Director, U.S. Senator Bernard Sanders' Office
George Twigg, State Director, U.S. Representative Peter Welch's Office

11:15 a.m. E. Agency of Human Services Updates
1. AHS/DMH on Implementation of Rate Increases to Designated Agencies [Sec. E.306.2 of Act 85 of 2017] [*doc*]
   Melissa Bailey, Commissioner, Dept. of Mental Health, and [*2 docs*]
   Monica Hutt, Commissioner, Dept. of Disabilities, Aging & Ind. Living, and
   Sarah Clark, Chief Fiscal Officer, Agency of Human Services
2. LIHEAP Funding [*doc*]
   Ken Schatz, Commissioner, and
   Sean Brown, Deputy Commissioner, Department for Children & Families

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11:45 p.m. F. Vermont Employment Growth Incentive Program – Model Update [32 V.S.A. § 3326(b)] **[Approved]** [*2 docs*]
Fred Kenney, Executive Director, Vermont Economic Progress Council
Ken Jones, Economic Research Analyst, Agency of Commerce & Community Development

12:00 p.m. F. Federal Single Audit Review [Sec. E.100.5 of Act 172 of 2016] [Subcommittee recommendations submitted 9/15/2016]
Doug Hoffer, Vermont State Auditor
Susan Mesner, Deputy Auditor of Accounts, Vermont State Auditor's Office
Karen Jaquish, Statewide Grants Administrator, Department of Finance & Management

12:25 p.m. G. Clean Water Fund Report [10 V.S.A. § 1389a as amended by Sec. E.700.1 of H.542 (Act 85) of 2017] [*doc*]
Susanne Young, Secretary, Agency of Administration

12:40 p.m. H. Grant JFO#2888–One (1) limited-service position tasked with working with team members within the Medicaid Fraud and Residential Abuse Unit (MFRAU). **[Approved]** [*doc*]
Jason Turner, Director, Medicaid Fraud and Residential Abuse Unit, Attorney General's Office

1:00 p.m. Adjourn [Next Meeting: Thursday, November 9, 2017]

Other Dates: All Legislative Briefing on November 30, 2017 at 10:00 a.m. in the Well of the House

Other Report Submissions:

I. General Fund and Transportation Fund Balance Reserves [Received – see August 2017 rescission documents].

32 V.S.A. § 308c. General Fund and Transportation Fund Balance Reserves

(a) There is hereby created within the General Fund a General Fund Balance Reserve, also known as the "Rainy Day Reserve." After satisfying the requirements of section 308 of this title, and after other reserve requirements have been met, any remaining unreserved and undesignated end of fiscal year General Fund surplus shall be reserved in the General Fund Balance Reserve. The General Fund Balance Reserve shall not exceed five percent of the appropriations from the General Fund for the prior fiscal year without legislative authorization.

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(d) Determination of the amounts of the General Fund and Transportation Fund Balance Reserves shall be made by the Commissioner of Finance and Management and reported, along with the amounts appropriated pursuant to subsection (a) of this section, to the legislative Joint Fiscal Committee at its first meeting following September 1 of each year.

II. Vermont Economic Growth Incentive joint report on the incentives authorized in subchapter 3340 of 32 V.S.A. [Received]

32 V.S.A. § 3340[(a) added in Sec. H.1 of Act 157 of 2016] REPORTING

(a) On or before September 1 of each year, the Vermont Economic Progress Council and the Department of Taxes shall submit a joint report on the incentives authorized in this subchapter to the House Committees on Ways and Means, on Commerce and Economic Development, and on Appropriations, to the Senate Committees on Finance, on Economic Development, Housing and General Affairs, and on Appropriations, and to the Joint Fiscal Committee.

(b) The Council and the Department shall include in the joint report:

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III. Health IT-Fund Annual Report [Received]

32 V.S.A. § 10301. Health IT-Fund

(a) The Vermont Health IT-Fund is established in the State Treasury as a special fund to be a source of funding for Medical Health Care Information Technology Programs and initiatives such as those outlined in the Vermont Health Information Technology Plan administered by the Secretary of Administration or designee. One hundred percent of the Fund shall be disbursed for the advancement of health information technology adoption and utilization in Vermont as appropriated by the General Assembly, less any disbursements relating to the administration of the Fund. The Fund shall be used for loans and grants to health care providers pursuant to section 10302 of this chapter and for the development of programs and initiatives sponsored by VITL and State entities designed to promote and improve health care information technology, including:

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(g) The Secretary of Administration or his or her designee shall submit an annual report on the receipts, expenditures, and balances in the Health IT-Fund to the Joint Fiscal Committee at its September meeting and to the Green Mountain Care Board. The report shall include information on the results of an annual independent study of the effectiveness of programs and initiatives funded through the Health IT-Fund, with reference to a baseline, benchmarks, and other measures for monitoring progress and including data on return on investments made.

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IV. General Assistance Program Report [Received]

33 V.S.A. § 2115 is added to read: [amended by Sec. E.321.2 of Act 85 of 2017]

§ 2115. GENERAL ASSISTANCE PROGRAM REPORT

On or before of September 1 of each year, the Commissioner for Children and Families shall submit a written report to the Joint Fiscal Committee; the House Committees on Appropriations, on General, Housing and Military Affairs and on Human Services and the Senate Committees on Appropriations and on Health and Welfare containing:. The report shall contain the following:

(1) an evaluation of the General Assistance program during the previous fiscal year;

(2) any recommendations for changes to the program; and

(3) a plan for continued implementation of the program.

(4) statewide statistics using deidentified data related to the use of emergency housing vouchers during the preceding State fiscal year, including demographic information, client data, shelter and motel usage rates,

clients' primary stated cause of homelessness, average lengths of stay in emergency housing by demographic group and by type of housing; and

(5) other information the Commissioner deems appropriate.

V. Global Commitment appropriations; transfer; report

Sec. 64 of Act 68 of 2016 as amended by Sec. 76 of Act 3 of 2017 GLOBAL COMMITMENT APPROPRIATIONS; TRANSFER; REPORT [Refer to July and August Meeting/Rescission]

(a) In order to facilitate the end-of-year closeout for fiscal year 2017, the Secretary of Human Services, with approval from the Secretary of Administration, may make transfers among the appropriations authorized for Medicaid and Medicaid-waiver program expenses, including Global Commitment appropriations outside the Agency of Human Services. At least three business days prior to any transfer, the Agency shall submit to the Joint Fiscal Office a proposal of transfers to be made pursuant to this section. A final report on all transfers made under this section shall be made to the Joint Fiscal Committee for review at the September 2017 meeting. The purpose of this section is to provide the Agency with limited authority to modify the appropriations to comply with the terms and conditions of the Global Commitment for Health waiver approved by the Centers for Medicare and Medicaid Services under Section 1115 of the Social Security Act.

VI. Bill-Back Report - total amount of all expenses eligible for allocation pursuant to 18 V.S.A. §§ 9374(h) and 9415 during the preceding state fiscal year and the total amount actually billed back to the regulated entities during the same period. [Received]

Act 79 of Sec. 37c. of 2013 BILL-BACK REPORT

(a) Annually on or before September 15, the Green Mountain Care Board and the Department of Financial Regulation shall report to the House Committee on Health Care, the Senate Committees on Health and Welfare and on Finance, and the House and Senate Committees on Appropriations the total amount of all expenses eligible for allocation pursuant to 18 V.S.A. §§ 9374(h) and 9415 during the preceding state fiscal year and the total amount actually billed back to the regulated entities during the same period.

(b) The Board and the Department shall also present the information required by subsection (a) of this section to the Joint Fiscal Committee annually at its September meeting.

VII. Progress report on siting of seasonal warming shelters [Received]

Sec. B.1101 of Act 85 of 2017 FISCAL YEAR 2018 ONE-TIME GENERAL FUND APPROPRIATIONS

(a) Department for Children and Families: The sum of $600,000 in general funds is appropriated to the Department for Children and Families to be used to facilitate the development of two seasonal warming shelters, one in the Rutland district office service area and one in the Barre district office service area to be in place for the 2017-2018 heating season. The Department for Children and Families and the local continuums of care in the Rutland and Barre districts shall report on or before September 15 and November 15, 2017 to the Legislative Joint Fiscal Committee on the progress of the siting and development of seasonal warming shelters in these two areas of the State. The Secretary of Human Services and the Commissioner for Children and Families shall work with hospitals and community organizations to access additional funding, matching funds, and in-kind contributions, and to facilitate siting to expand shelter availability throughout other regions of the State. A report on projected shelter availability for the 2017-2018 heating season shall be submitted to the Legislative Joint Fiscal Committee on or before November 15, 2017.

X. Choices for Care Savings Allocation Report [Received]

Sec. E.308.1 of H.542 (Act 85) of 2017 CHOICES FOR CARE

(a) In the Choices for Care program, "savings" means the difference remaining at the conclusion of fiscal year 2017 between the amount of funds appropriated for Choices for Care, excluding allocations for the provision of acute care

services, and the sum of expended and obligated funds, less an amount equal to one percent of the fiscal year 2017 total Choices for Care expenditure. The one percent shall function as a reserve to be used in the event of a fiscal need to freeze Moderate Needs Group enrollment. Savings shall be calculated by the Department of Disabilities, Aging, and Independent Living and reported to the Joint Fiscal Office.

(1) It is the intent of the General Assembly that the Department of Disabilities, Aging, and Independent Living only obligate funds for expenditures approved under current law.

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(d) The Commissioner shall determine how to allocate any Choices for Care program savings available at the end of fiscal year 2017 and shall report to the Joint Fiscal Committee at the regularly scheduled September 2017 meeting on these allocations.

(e) Concurrent with the procedures set forth in 32 V.S.A. § 305a, the Joint Fiscal Office and the Secretary of Administration shall provide to the Emergency Board their respective estimates of caseloads and expenditures for programs under the Choices for Care program.

ONE BALDWIN STREET
MONTPELIER, VT 05633-5701

REP. JANET ANCEL, CHAIR
SEN. ANN CUMMINGS, VICE-CHAIR
SEN. CLAIRE AYER
REP. JOHANNAH DONOVAN
REP. PETER FAGAN

TEL: (802) 828-2295
FAX: (802) 828-2483
www.leg.state.vt.us/jfo

SEN. JANE KITCHEL
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SEN. RICHARD SEARS
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SEN. RICHARD WESTMAN

GENERAL ASSEMBLY
STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Thursday, September 14, 2017

Minutes

Room 10, State House

Members present: Representatives Ancel, Fagan, Lippert, and Toll, and Senators Ayer, Cummings, Kitchel, and Sears.

Other Attendees: Administration, Joint Fiscal Office, and Legislative Council staff, and various media, lobbyists, and advocacy groups.

Representative Janet Ancel, Chair, convened the meeting at 10:04 a.m., postposed action on the August minutes, and requested a motion to approve the July 21, 2017 minutes. Representative Fagan moved to approve the minutes of July 21, and Senator Kitchel seconded the motion. The Committee approved the minutes.

B. Administration's Fiscal Updates: - 1. FY2017 Final Closeout

Adam Greshin, Commissioner, Department of Finance and Management, introduced the new Deputy Commissioner, Matt Riven. In addition, he announced that Rich Donahey was the new Director of Finance, and Chrissy Gilhuly was the new Administrative Assistant for the Department. Commissioner Greshin explained that the FY2017 final closeout was unchanged since the August rescission exercise. He recapped that during the August rescission exercise there had been $10 million of surplus funds. Of that amount, one-half went toward meeting the August rescissions and the other half was reserved for action during the FY2018 Budget Adjustment (BAA).

2. FY2018 Budget Adjustment Pressures

Commissioner Greshin listed possible FY2018 BAA pressures. The BlueCross BlueShield reconciliation requirement, as well as Dartmouth-Hitchcock's settlement, payment amounts were not yet known but discussions were ongoing. The downgrade of the Medicaid caseload consensus forecast of $25 million in August included $4.25 million in general funds, as well as utilization of funds from the FY2017 budget surplus for the August rescission, needed final approval in the BAA. Senator Kitchel asked if there was an update on Medicaid funding for Woodside since the FY2018 budget was built on the assumption of federal funding for the facility. Commissioner Greshin responded the State had been communicating with the Centers for Medicare & Medicaid Services (CMS), but no new information was available.

Commissioner Greshin addressed the federal disaster declaration for June/July 2017 for Vermont flooding. The rough estimate for the financial implication to the State General Fund was between $750k and $800k. However, the fiscal year those payments were due was uncertain since the federal rules dictated that states were obligated to pay when the project was completed. Tropical Storm Irene projects were close to completion with an estimated $1.2 million obligation that could be due in FY2018. Representative Ancel inquired of the status of corporate refunds. Commissioner Greshin responded that the Department was having active conversations with the legal staff at the Department of Taxes, and were confident that $16.9 million was the high end of the amount the State would owe. Representative Ancel expressed concern of whether the issue would continue into the FY2019 budget cycle. Commissioner Greshin stated that he was confident the issue would be resolved within FY2018.

3. FY2019 Budget Development Process and Instructions

Commissioner Greshin announced that budget instructions to departments would be sent the following week. There had been preliminary conversations with the Joint Fiscal Office (JFO) on the FY2019 budget that would continue until a consensus on numbers was reached. Senator Ayer asked if the Committee could see the instructions when they were released. Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office, stated that the Office would forward the instructions and post them to its website when received from the Administration. Representative Ancel asked the Commissioner if there would be a recommendation from the Administration in FY2019 for the fee bill. Commissioner Greshin responded the Department was having conversations with departments on fee changes, and it would have a proposal for the revenue committees to review in the 2018 session.

4. Management Savings Time Frame

Commissioner Greshin explained that the Department had finished its recommendations for the Management Savings plan and report per Sec. B.1102 of Act 85 of 2017, and had forwarded them to the Governor for review and approval. The Department would inform the Committee of the plan once approved. Representative Ancel asked if the Committee would have the plan to review by its November 9 meeting. Commissioner Greshin confirmed the report would be ready in advance of the Committee's November meeting, and would be available to discuss at that meeting.

5. General Fund 27/53 Reserves

Commissioner Greshin distributed and reviewed the contribution schedule for the 27/53 General Fund Reserve funds. He explained the State would need to contribute just over $7 million in 4 years, and $1.8 million within FY2019 for each of the funds. Mr. Riven added that the Agency of Human Services (AHS) may have additional base budget adjustments due to a change in trends.

Senator Kitchel suggested that the Administration and the Legislature take a fresh look at other areas of the budget where there were future funding obligations, such as teachers' retirement and health care. She expressed concern that those obligations would have a substantial impact to the budgets similar to what was experienced with the 27/53 issue, and should be addressed sooner rather than later. Commissioner Greshin offered to discuss the Senator's thoughts and how to proceed. Representative Lippert added that he would like to review a general inventory of other unfunded liabilities the Legislature should be aware of within future budgets. Mr. Klein offered that there was an annual report, unfunded budget pressures [Act 172 of 2016] on unfunded obligations, and other areas that impact the budget if fully funded, such as child care and teachers' retirement.

The Chair skipped to the Fiscal Officer's Report.

<u>I. Fiscal Office Updates – Fiscal Officer's Report</u>

Mr. Klein highlighted key areas of his report. The three revenue funds, General, Education, and Transportation, for the first few months of the fiscal year were on target. There has been a stronger than expected withholding tax for September with Sales and Use Tax a bit weaker, while the Meals and Rooms Tax was stronger. Medicaid spending was showing an even lower than anticipated amount with a gross underspend of $14 million post-rescission. This was positive news since the small cushion could meet the needs of unanticipated costs.

Mr. Klein flagged that the Exchange had a shorter period of reenrollment, which could be an area of concern. Sarah Clark, Chief Fiscal Officer, Agency of Human Services, responded that the Commissioner of the Department of Vermont Health Access (DVHA) would send a memo updating the Committee on the Exchange. Representative Ancel stated that the Committee may require a report prior to its next meeting and invite the Commissioner of DVHA to the Committee's November meeting.

Mr. Klein continued his summary explaining the Office was watching the federal reimbursement changes. A tax group that included JFO staff, the "Garlic Group," was working on a consensus amount for the 2018 property tax rates letter that the Commissioner of the Department of Taxes sent out annually by December 1 to the Legislature. Currently, it was estimated that there could be a 6-8 cent increase in the next fiscal year that could create pressure in the FY2019 budget. He added that Mark Perrault, a Senior Fiscal Analyst of the Joint Fiscal Office, would give an update on the Education Fund outlook at the Committee's November meeting. Senator Ayer asked that the Education Fund update include if or by how much the merger incentives given to districts were creating an effect on the property tax rates.

Mr. Klein stated that in retirement, the assumed rates of investment asset have decreased, causing a $7.4 million State budget funding gap in FY2019 and an increase in amortization in the future of the fund. The Office has begun working on the issue. He also mentioned the Office's exploration of updating its website to integrate better with the Legislature's website and improve ease of use.

Senator Ayer inquired how many Tax Incremental Finance (TIF) Studies the Legislature has created, and if at the beginning of such reports, it mentioned the TIF history. Mr. Klein agreed to send her this information. Senator Ayer asked if the Office could explain the State of Minnesota's health insurance pool that attempted to address increasing health care rates that was posted in the New York Times on September 2, 2017. Mr. Klein stated that the Office would research it and possibly create an issue brief on the subject.

Representative Lippert requested that reports received by the Committee/Office be sent periodically by the Office to the entire Legislature in electronic form. Mr. Klein agreed to have the Office send out notifications to members on information. He then mentioned the Office could provide educational work on revenue and other areas of the budget to members during the session. The Chair added that educational opportunities may be provided on Friday afternoons during the legislative session. She added that she would survey members on whether sessions would be of interest and what subjects would be helpful.

D. – Federal Funding Update

Chris Saunders, Legislative Assistant, U.S. Senator Patrick Leahy's Office, Kathryn Becker Van Haste, Health Policy Director, U.S. Senator Bernard Sanders' Office, and George Twigg, State Director, U.S. Representative Peter Welch's Office, introduced themselves and updated the Committee on the status of federal funding. Mr. Saunders explained that Congress recently struck a deal to extend the current federal budget until December 8. Senator Leahy's office would send its usual request to the Congressional budget office to advance appropriate funds for LIHEAP for the heating season but it was unclear that request would be honored. Mr. Saunders explained that Senator Leahy thought it imperative, as Vice-Chair of the Senate Committee on Appropriations, to strike bipartisan deals on bills as they pass from his Committee. All bills passed out of Committee had been voted with unanimous support of a 30-0 vote. Congress has largely ignored U.S. President Donald Trump's proposed budget and moved onto its own decisions. There was cautious optimism on Congress's protecting programs within the Environmental Protection Agency (EPA) to continue work on Clean Water and other areas of concern. Mr. Saunders stated that Senator Leahy had expressed that Congress was headed to a better place than originally anticipated.

Ms. Becker Van Haste explained that Senator Sanders was the Ranking Member on the Senate Committee on the Budget. This was important because of the heightened awareness of the Committee due to the attempts to repeal/defund the Affordable Care Act through reconciliation. Senator Sanders was currently working on the FY2018 federal budget resolution that included a current focus on tax change proposals from other members. Senator Sanders was also a Ranking Member on the Senate Committee on Aging, a special committee created from the Senate Committee on Health, Education, Labor and Pensions. There was a focus on CHIP reauthorization for the Children's Health Insurance Plan proposal to eliminate the bump in funding in 2021, and its possible impacts to Vermont. There were additional questions around how the proposal would interact with Vermont's All-payer Model.

Ms. Becker Van Haste stated that another area of concern of Senator Sanders was the impending Primary Care cliff that included funding for three programs: the Federally Qualified Health Centers, Teaching Health Centers, and the National Health Service Corps. Vermont would stand to lose about $14 million or have a 41% potential reduction in patient access to health care, if the cliff were to happen. The Committee asked for clarification on the three programs and the cliff. Ms. Becker Van Haste explained the Federally Qualified Health Centers (FQHC) and the National Health Service Corps (NHSC) that provides loan repayment benefits and education to individuals who are willing to serve in underserved areas of the Country. In Vermont, these include programs called the Area Health Education Centers (AHEC); and

Teaching Health Centers which allow for residencies at FQHCs where providers could train. The cliff would occur if the three programs were not reauthorized before they expired at the end of the federal fiscal year (September 30, 2017). There were about 1 in 4 Vermonters that utilize FQHCs, and according to the Vermont umbrella organization of these health centers, Bi-State Primary Care, the expiration of the authorization could lead to 9 out of 50 sites closing.

Senator Kitchel asked for clarification of the relationship between the Senate Committee on the Budget and the Senate Committee on Appropriations. Ms. Becker Van Haste responded that the Budget Committee's primary responsibility was to create a resolution that governs the operations within the Senate and House for the budget process for spending, revenue, and debt-limit legislation. The Senate creates the initial resolution that creates the areas of funding, and the House creates a concurrent resolution. The Committees are also where the majority of people get to state their priorities for spending. The two Appropriations Committees then divvy up the entire bucket of proposed funding to the various agencies and programs within those designated areas. Mr. Saunders added that the Budget Committee sets the limits or caps for the individual committees to stay under.

Mr. Twigg stated that the Budget Committees pass resolutions early in the calendar year to allow the Appropriations Committees to pass funding bills in time for the September 30 deadline. The budget resolution have been used as a vehicle to attempt to repeal the Affordable Care Act, and there was an expectation it would be used in the near future to set tax policy because this only required 50 votes to pass.

Mr. Twigg explained that the U.S. House of Representatives was currently passing its appropriations bills to have a better bargaining position with the Senate in December but none of the bills were voted favorably by Congressman Welch. There were many bills dead on arrival in the Senate, including the proposal to build a border wall between the U.S. and Mexico for $1.6 billion, defunding Planned Parenthood, a ban on insurance plans that provide subsidies for reproductive health coverage, and elimination of the grants used in Vermont to fund the Western Rail Corridor of $30 plus million. Mr. Twigg touted Congressman Welch's bipartisan success to restore funding of $4.5 million to the Lake Champlain Water Basin that President Trump and the House Appropriations Committee proposed to eliminate.

Mr. Twigg pointed out the biggest risk area to Vermont from federal policy/funding changes included the Affordable Care Act. Congressman Welch was also monitoring Executive Orders that impact Vermont's Exchange such as reduced funding for advertising for health care coverage. Congressman Welch has sponsored bipartisan legislation on health care to address areas of the individual market through reinsurance, write into law the risk corridor subsidy payments, and other modest changes to stabilize the insurance markets and produce conversations around more practical fixes within health care.

Representative Ancel asked if there would be tax reform legislation and if so, what would be included in it. Mr. Saunders responded that Senator Schumer was opposed to many of President Trump's suggestions, including the elimination of the states' deductibility of taxes, as well as the mortgage interest deduction. Representative Ancel confirmed that Vermont was mostly decoupled from federal tax. Senator Kitchel inquired whether not reauthorizing programs posed the greater risk to Vermont's federal funding or were they subject to the resolutions from the Budget Committees. Ms. Becker Van Haste responded that large programs such as the Farm Bill could take upward of a year or two to move a reauthorization bill through the process, and could technically continue without an authorization but it depends on the program. Mr. Twigg added that if funding were included within a budget bill, it effectively would authorize the program associated with the funding.

Senator Kitchel asked for confirmation that if funding were authorized for State Children's Health Insurance Program (SCHIP) but the program was not reauthorized by the end of the federal fiscal year of September 30, it could still continue. Mr. Twigg responded that Congress had approved short-term reauthorizations on the floor of Congress and not typically within committees. Ms. Becker Van Haste stated that the Budget Committee resolution could also include a short-term authorization for SCHIP, but she added that Congress was close to a deal for reauthorizing SCHIP. Representative Lippert asked if the repeal of the ACA through reconciliation did not occur before Sept. 30, that process would no longer be an option for Congress. Ms. Becker Van Haste responded that was correct.

E. Agency of Human Services Updates - 1. AHS/DMH on implementation of Rate Increases to Designated Agencies

Melissa Bailey, Commissioner, Department of Mental Health (DMH), Monica Hutt, Commissioner, Department of Disabilities, Aging & Independent Living (DDAIL), and Sarah Clark, Chief Fiscal Officer, Agency of Human Services, distributed two handouts, and Commissioner Hutt summarized the memo to the Committee "Implementation of Rate Increases to Designated Agencies (DAs)." The appropriation of $8.37 million for increased payments to DAs and Specialized Service Agencies (SSAs) was split between DMH and DDAIL. The DMH increased Medicaid rates at the DAs and the SSAs by 6.5%. Commissioner Bailey explained that payments to DAs and SSAs will be retroactive to July 1 and made through a rate for specific line items and budgets for each, to fund the directive to the DAs to raise wages to $14 per hour. However this mechanism does not align perfectly with the estimates of need as articulated by the DAs, this method results in some DAs rate increase amount being less or more than the cost of the wage increase.

Senator Kitchel offered that the Legislature had to be realistic about the amount of this increase in funding and the manner of payments, especially in acute mental health. She asked if DAs were able to get to $14 an hour after the distribution. Commissioner Bailey reported that funding models are not all consistent across DAs. Commissioner Hutt added that DS services agencies without mental health funding capacity received full funding from DDAIL to reach the $14 per hour, which was reflected in the spreadsheet distributed earlier. Commissioner Bailey stated that no DA has reported a need to reduce services to meet the $14/hour requirement.

Senator Ayer asked for clarification on the shortfall of funds and the imbalance that occurred from it. Commissioner Bailey responded that the allocated funding targets in the State Budget between Developmental Services (DS) and Mental Health services (MH) were not aligned with the actual percentage of DS and MH across the Designated Agency system. As proposed the rate increases maintained the budget alignment but would fall short on the DS side and go over on the MH side and most agencies would be whole in the aggregate. There were a small number of agencies (Howard and Lamoille most notably) where there remained a significant gap between funding increase projected by the rate increase and the DAs' cost of increasing wage. While AHS is being consistent on percentage rate increases to all agencies and they plan to then go back and see if alternate mechanisms can be used to close the gap for those agencies where the funding rate and cost gap remain.

Representative Lippert requested information on the DAs that were not able to afford their staff a full wage increase to $14 per hour, and by reallocating funds if those DAs could achieve the $14 to its staff. Commissioner Bailey responded that they were confident the departments could find resolution with the agencies but noted that there would still be capacity issues even with the higher wages. Representative Lippert inquired if an agency had a vacant position due to difficulty hiring someone, did that mean the agency would not receive the increased funding for the position. Commissioner Bailey responded that Medicaid requires a service in order to be compensated. Representative Lippert asked if the outcomes associated with the agencies' wage increases had been met. Commissioner Bailey stated that because the grants were not finalized yet and only timing-related funding has as yet gone to the DAs, there had not been enough time to measure the success of the wage increase. Representative Lippert asked to have the Committee updated at its November meeting and to include a spokesperson from the DAs.

Senator Kitchel clarified that if the AHS was not able to meet the goal for the pay increases through its complicated rate structure, it would use alternative methods of funding to address those areas, and Commissioner Bailey agreed. Representative Toll asked if the DAs were clear on how to disburse the funding, other than the few that still had issues. Commissioner Bailey responded that they had not heard of any issues from the agencies, and the process had not changed from other rate increases in the past. If there were any questions or concerns, the DAs should contact the departments' financial directors. Commissioner Hutt added that there was some confusion for Agencies in regard to auditing standards. Representative Toll asked for confirmation that all of the funding was used toward increasing wages of the workers in the crisis areas to $14 per hour. Commissioner Bailey responded it was except if an agency found after distributing funds to the outreach workers and crisis beds that it still had funds, it could increase the higher wage earners within its agency as a means to address compression issues. Senator Ayer inquired whether the Departments or AHS will have recommendations for additional legislation to address issues of this area, and Commissioner Bailey confirmed the Agency would suggest some language for the 2018 session. Representative Lippert asked that the DAs be included on the Committee's November agenda. Commissioner Hutt offered to share the Departments' letter sent to the DAs with the Committee that went out on August 29, 2017.

<u>2. LIHEAP Funding</u>

Ken Schatz, Commissioner, and Sean Brown, Deputy Commissioner of the Economic Services Division, Department for Children & Families, distributed a draft LIHEAP Funding & Benefit Stats Compilation sheet, and explained it was a draft since federal funding was not certain at this point. In addition, fuel prices would need further monitoring in light of the recent hurricanes in Texas and Florida.

Deputy Commissioner Brown updated the Committee on the LIHEAP program, including the expectation that the Department would receive a level-funded federal block grant from 2017 for the 2018 fiscal year. Additionally, he stated that the Department had adequate funds on hand to provide benefits to clients who heat with wood or wood pellets. These "wooder" benefits were to be released at the end of September. Benefits for clients who heat with other fuels would be released at the end of November.

Deputy Commissioner Brown reviewed the handout with the Committee, cautioning that the numbers were projections. The DCF was anticipating a federal block grant of $18.9 million. Federal regulations allow for 15% of the block grant to be transferred to the Weatherization Program, and, in turn, a like amount of State special funds would be transferred back to the LIHEAP program. These State special funds would be used to pay the benefits for eligible clients between 150% and 185% of the FPL, in addition to an administrative cost above 10% of the federal block grant. The LIHEAP program has FY 2017 carry-forward funds of $3.7 million from two main sources, refunds from the certified fuel dealers, and benefits issued to participants and community action agencies that were not utilized. When considering all funding sources, the LIHEAP program would have available $22.8 million for the coming heating season.

Deputy Commissioner Brown projected there would be 20,000 qualified households for the 2018 heating season, down from 21,800 the previous year. The caseload decrease was consistent with other major benefit programs such as 3-Squares and Reach-up. The Department was anticipating an average full season fuel benefit of $879 per household, which was an increase of $48 per household from the prior year. In addition, information from the Vermont Fuel Dealers Association was that the spike in fuel prices from the two recent hurricanes in Texas and Florida would not impact the heating season, and they were maintaining a similar price to the previous heating season.

In responding to Senator Ayer, the Deputy Commissioner stated that kerosene prices were the highest, fuel oil was in the middle, and propane was the cheapest. The prices reflected on the information sheet were from a blended fuel rate of all three fuel prices. Senator Kitchel commented that a news article she read had stated incorrectly that all LIHEAP funding was federal.

<u>E. Vermont Economic Growth Incentive Program (VEGI) – Model Update</u>

Fred Kenney, Executive Director, Vermont Economic Progress Council, and Ken Jones, Economic Research Analyst, Agency of Commerce & Community Development, distributed a memo explaining the proposed annual updates for the fiscal cost-benefit model for calendar year 2017, and also referred to a memo from the Legislature's Economist, Tom Kavet, who responded to the proposed model updates. Mr. Kenney explained that Mr. Kavet found issue with the portion of the model update that included the new Regional Economic Model, Inc. (REMI). It was decided that a piece of the REMI model would not be updated until the issue was resolved. Senator Ayer asked if projects that failed to meet its requirements were included in the model calculations for total investment. Mr. Kenney responded the model did capture that information. He also stated the Agency would rethink how the graphics of the annual VEGI report were displayed when printing in black and white, in light of Senator Ayer's comments.

Senator Sears moved to approve the proposed fiscal cost-benefit model updates for calendar year 2017, and Senator Ayer seconded the motion. The Committee approved the motion.

F. Federal Single Audit Review

Doug Hoffer, Vermont State Auditor, Susan Mesner, Deputy Auditor of Accounts, and Karen Jaquish, Statewide Grants Administrator, Department of Finance & Management, introduced themselves, and Mr. Hoffer stated he was thrilled the Legislature was focused on Federal Single Audit Reviews, and assisting the State with solutions to repeat findings. He also announced that after 20 years with KPMG as the State contracted auditing firm, the State Auditor's Office had decided to switch to CliftonLarsonAllen (CLA), who currently was contracted with five other states. Mr. Hoffer stated there could be some small transitional issues but CLA had experience transitioning states from KPMG to its firm. Representative Lippert asked if the contract with CLA was a multi-year contract. Mr. Hoffer responded it was a 3-year contract with 2 single years that allow the State to opt out of the contract at any time with a savings of about $200k a year. Ms. Mesner added that the first 3 years totaled $3.9 million.

Ms. Mesner explained there were considerable improvements since last year when the State received an adverse opinion within AHS. There was an annual report on internal controls regarding the financial report written by KPMG available that reviewed the findings of any audits within the State. Ms. Mesner suggested the Legislature review the annual Single Audit Report for awareness of audit findings, especially for serious ones. A shorter version of the report was also sent to the Legislature, called the Yellow Book, which included a cover letter from the State Auditor and a compilation of just the findings. Representative Lippert asked who received the full report when ready. Ms. Mesner responded that the Governor, Senate Pro Tempore, and the Speaker of the House received the report according to the old contract with KPMG but they could change those rules within the new contract with CLA. A discussion ensued on how members could receive the report. Mr. Klein suggested the Auditor's Office and the Fiscal Office work out a list of recipients the report should be sent to in the future.

Ms. Mesner announced that the number of audited programs with findings had dropped to 16 in 2017, with 14 re-audits, which was the lowest number since FY2010. In comparison, the previous year had 21 programs with findings that triggered audits. Representative Ancel asked what the triggers were for an audit. Ms. Jaquish responded the federal uniform guidance has two findings that trigger audits: a significant deficiency and a material weakness. With the new uniform guidance rules, programs are audited every three years if they meet the federal threshold of expenditures. Programs with significant deficiency findings do not need to be re-audited, but those programs still need to do corrective action on the finding. The most serious finding was a material weakness of the program which triggered a re-audit.

Representative Fagan asked out of the 25 material weaknesses in FY2016, how many were remedied. Ms. Jaquish responded that not all were remedied. The Department just received an updated status report on the 25 audited programs, and 20 of them had been remedied. She would send that update along with additional information on deficiencies, the plan to get to remedy, and the projected date of remedy. Representative Fagan asked that the update include whether the findings were to do with outdated statutory language that the Legislature could address.

Ms. Mesner stated that some of the program findings were to do with outdated IT systems such as the AHS Access System that affects the Medicaid program. Representative Fagan inquired how the findings impacted the State's bond rating. Mr. Hoffer responded that the program audit findings did not impact the State bond rating but the Comprehensive Annual Financial Report (CAFR) did have an impact.

Representative Lippert asked how the audit process could help to target high profile embezzlement issues in State government. Ms. Mesner stated the Department of Finance & Management (DFM) had a lengthy self-assessment for internal controls in each department that was reviewed for inconsistencies. Ms. Mesner mentioned that some of the smaller departments/offices' explanations on findings were due to staffing shortages, and the ability to address internal control paperwork.

Ms. Mesner concluded that there were two material weaknesses in the FY2016 Single Audit Report in process for remedy. One was due to delays in verification of eligibility redeterminations. Ms. Clark was asked to comment for AHS, and she stated that there were ongoing conversations with the Centers for Medicare and Medicaid Services (CMS) on the issues surrounding mitigating the findings for the eligibility redeterminations, and the Agency would share that information next week with the Auditor's office. Ms. Mesner explained that the second material weakness was due to problems around reconciliation of payments. Both are known problems and the Agency has been working diligently on resolving them, but she further encouraged the Legislature to include program audit findings when reviewing department budgets each year.

G. Clean Water Fund Report

Susanne Young, Secretary, Agency of Administration (AOA), highlighted areas of the Clean Water Fund Report submitted by the AOA. The report focused on the impacts of federal funding and policy change impacts to Vermont. Since the release of the report, on September 1, the Administration had learned that Congressional legislation would most likely restore an amount of the Clean Water program's funding that was rescinded in President Trump's budget proposal. In addition, the Lake Champlain Basin's funding has been reestablished as well within both House and Senate versions of Congress' budget proposals.

Secretary Young gave an update of the Clean Water initiatives from the perspective as the Chair of Clean Water Fund Board. The Board was in the process of developing recommendations on funding of allocations to State Clean Water initiatives and projects. A draft plan was sent out for public comment and the Board made changes to the draft plan after reviewing those comments. The revised draft was recently sent out for a second round of public comments. After the Board reviews final comments, it will send final FY2019 budget recommendations to AOA in mid-October for purposes of budget development.

Secretary Young explained that the next reporting mandate for the Board required by the Capital Bill will be a report on all Clean Water initiatives and projects from FY2018, due to the Legislature by the end of November. Representative Ancel asked if the Clean Water Working Group was involved in the Board's recommendations. Secretary Young responded that the Working Group was a separate entity created in Act 73 of 2017, chaired by the Secretary of the Agency of Natural Resources, which has been tasked to create a long-term funding model for Clean Water. In addition, the Clean Water Advisory Council has worked to ensure that the Working Group will achieve its intended goals.

<u>H. Grant JFO #2888 – One (1) limited-service position tasked with working with team members within the Medicaid Fraud and Residential Abuse Unit.</u>

Jason Turner, Director, Medicaid Fraud and Residential Abuse Unit (MFRAU), Attorney General's Office, explained the mission of MFRAU was both to investigate and prosecute Medicaid provider fraud and cases of neglect and abuse of vulnerable adults within facilities of Vermont. The Unit had 8 staff with 75% federal grant funds and a 25% State match. All of the State funding within the last 5 years has come from penalties recovered from cases with over a $1 million returning to the General Fund in budget adjustments. The Unit retains 2-years' worth of funds in its special fund before releasing the unused portion of the funds to the State General Fund.

Mr. Turner explained that in the last 10 years, there has been an increase of 55% of State's Medicaid funds spent within the program and a recipient increase of 49% but no increase in positions within MFRAU. With the passage of the Vermont False Claim Act in 2015, the Unit has recovered large sums of funds from cases, including the largest recovery ever in Vermont of $6.7 million. In responding to Senator Kitchel, Mr. Turner opined that the MFRAU would not have been able to recover the $6.7 million without the Legislation. In addition, the Act was a deterrent to potential fraud, thereby increasing compliance. Senator Kitchel inquired if the Act changed the amount of recovered funds the State could keep in federal or multi-state cases. Mr. Turner explained that the Act allowed the State to retain 10% of the federal funds recovered. The ratio for Medicaid was 54% federal funds with a 46% State match. With the new Act, the State retains 56% of the recovered funds and returns 44% to the federal government.

Mr. Turner informed the Committee that the MFRAU prosecutes criminal and civil cases as well, with 70 current active criminal cases and 20 civil cases. Since the passage of the False Claims Act, the Unit's workload has increased 300%. Mr. Turner declared confidence that the Unit could deliver additional recoveries to the State without additional State funding. Senator Kitchel explained that her original intent to request the inclusion of the grant on the agenda was to ensure there was a net gain to the State as opposed to additional funding to MFRAU for a position. She then asked how much of the Unit's time was devoted to investigation and prosecution of abuse to vulnerable adults within facilities. Mr. Turner responded that 20% of staff time was devoted to vulnerable adult cases, and 80% to fraud cases. Senator Ayer inquired whether the Department of Disabilities, Aging, and Independent Living (DDAIL) had the same level of enforcement ability as the MFRAU. Mr. Turner explained that DDAIL did not have the ability to prosecute cases as did the MFRAU. Senator Ayer asked whether DDAIL referred cases to MFRAU for further investigation/prosecution. Mr. Turner responded to the question that the MFRAU received its referrals from the State Medical Examiner after the elder was deceased. Senator Kitchel asked if the Unit was limited to just facilities. Mr. Turner stated yes, but pending in Congress was legislation that increased the expansion of MFRAU's jurisdiction because of a shift from institutional care to home care that had occurred since the Units were created in the 1970s.

Senator Ayer moved to accept the grant, JFO#2888 and Representative Fagan seconded the motion. The Committee approved the motion.

The Committee then had a conversation with Mr. Turner on the Equifax breech that occurred earlier in the year.

The Committee adjourned at 1:53 p.m.

Respectfully Submitted,

Theresa Utton-Jerman
Legislative Joint Fiscal Office

B.5.

VERMONT

State of Vermont
Department of Finance & Management
109 State Street, Pavilion Building
Montpelier, VT 05620-0401

[phone] 802-828-2376
[fax] 802-828-2428

Agency of Administration

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Adam Greshin, Commissioner, Department of Finance & Management AWG
RE: 27/53 Reserve Schedule
DATE: September 13, 2017

Pursuant to 32 V.S.A. § 308e(a)(2), the attached spreadsheet provides the anticipated liability for the next 53rd week of Medicaid payments and the next 27th state payroll. The 27/53 Reserve was established during the 2016 legislative session to provide a process to annually reserve funds for known future liabilities to minimize budgetary impact in the years that the liabilities come due. The new statute requires the Commissioner of Finance and Management to present the anticipated future liabilities of the next 27th payroll and 53rd week of Medicaid and provide a schedule of annual contributions needed to cover the future payments.

The next 27th payroll is scheduled to occur in FY 2022, and has an estimated General Fund cost of $11.8M. This estimate was derived by taking the estimated FY 2018 payroll and projecting the FY 2022 payroll costs by a growth rate equivalent to the 12-month percent change of Bureau of Labor Statistics' Employment Cost Trends for State and Local Government Compensation (2nd Quarter of 2017) or 2.6%. Annually, for this report, Finance and Management will update projections for the 27th payroll based on the current year estimated payroll, known bargained ABI and BLS Employment Cost Trends to reforecast the future liability for the years collective bargaining is not in place.

The next 53rd week of Medicaid payments is also scheduled to occur in FY 2022, and has an estimated General Fund cost of $11.4M. This estimate was derived by taking the FY 2017 Medicaid costs and projecting the FY 2022 costs by a growth rate equivalent to the 3-year average Bureau of Labor Statistics' CPI for Medical Care (Aug 2014 – July 2017), or 3.08%. Annually, Finance and Management will update the projections based on the current Medicaid budget and the updated 3 year average Medical CPI.

The attached spreadsheet provides a schedule for transfer to the 27/53 Reserve to ensure that there are funds available to help meet future liabilities for the 27th payroll and 53rd week of Medicaid. Based on current estimates the prior year fund balance, $3.55M should be reserved annually to meet these future liabilities.

Per 32 V.S.A. 308e (b), $3.55M shall be presented as a budgeted transfer in the FY 2019 Governor's Recommended Budget.

27/53 Reserve Contribution Schedule

Presented to JFC September 14, 2017 Per 32 V.S.A. § 308e(a)(2) in millions

Projected Total Contributions	Total Need	Fund Balance	Balance to Allocate	Years until Liability is Due	Annual Deposit
53rd Week	11.40	4.37	7.04	4	1.76
27th Pay Period	11.80	4.63	7.18	4	1.79
Total	**23.20**	**8.99**	**14.21**		**3.55**

53rd Week	Actual 2017	As Passed 2018	2019	2020	2021	2022
Prior Year Balance	-	2.65	4.37	6.12	7.88	9.64
Close Out Deposit	2.65	-	-	-	-	-
Annual Contribution	-	1.72	1.76	1.76	1.76	1.76
Total Reserved for the 53rd week	**2.65**	**4.37**	**6.12**	**7.88**	**9.64**	**11.40**

Notes: Last 53rd Week Payment was made in FY 2016, the state share was $7.04M, compared to a $10.3M projection. Assumed annual growth rate in Medicaid of 3.08% from FY 2018 budget, based on 3 year average (Aug 2014-July 2017) of Bureau of Labor Statistics CPI for Medical Care.

27th Pay Period	Actual 2017	As Passed 2018	2019	2020	2021	2022
Prior year balance	-	2.65	4.63	6.42	8.21	10.01
Close Out Deposit	2.65	-	-	-	-	-
Annual Contribution	-	1.98	1.79	1.79	1.79	1.79
Total Reserved 27th Pay Period	**2.65**	**4.63**	**6.42**	**8.21**	**10.01**	**11.80**

Notes: Last 27th Payroll Payment was made in FY 2011, the total general fund allocated was $5.9M. Assumed annual growth rate of 2.6%, based on the 12 month % change (2nd Quarter of 2017) of Bureau of Labor Statistics Employment Cost Trends for State and Local Government Compensation.

Total Projected Reserve Balance	Actual 2017	As Passed 2018	2019	2020	2021	2022
Prior year balance	-	5.29	8.99	12.54	16.10	19.65
Closeout Deposit	5.29	-	-	-	-	-
53rd Week contribution	-	1.72	1.76	1.76	1.76	1.76
27th Pay period Contribution	-	1.98	1.79	1.79	1.79	1.79
Total Reserved 27th Pay Period	**5.29**	**8.99**	**12.54**	**16.10**	**19.65**	**23.20**

C.

Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • 802) 828-2295 • Fax: 802) 828-2483

MEMORANDUM

To: Representative Janet Ancel, Chair
Senator Ann Cummings, Vice Chair
Senator Jane Kitchel
Representative Kitty Toll
Members of the Joint Fiscal Committee

From: Stephen Klein, Chief Fiscal Officer

Date: September 12, 2017

Subject: September 2017 – Fiscal Officer's Report

What follows is an update of recent developments, some of which will be on the agenda for the September 14 meeting of the Joint Fiscal Committee.

1. FY 2018 Revenue Collection Status

Preliminary revenues remained essentially on target after the first two months of the fiscal year. September will be a more informative month since that is when estimated tax payments come due for the first quarter of the fiscal year for both the Corporate tax and Income tax. After the first two months, General Fund revenues were $500,000, or 0.2%, higher than forecasted. The Transportation Fund was on target, while the Education Fund was off by $400,000, or 1% from the target.

Among the key factors:

a. **General Fund** – Withholding was strong, resulting in Personal Income tax revenue being $1.9 million over forecast year-to-date. Sales and Use tax revenue was down $400,000, or 1%, with Meals and Rooms up $400,000. Corporate tax collections were below the estimate by $1.1 million. Additionally, the Estate tax was $800,000 below the $2.7 million estimate after the first two months. There have been no major Corporate tax refunds as yet.

b. **Transportation Fund** – Strength in Diesel tax collections, which were up by $400,000, offset weakness in Purchase and Use, which was down $600,000 from the estimate. Department of Motor Vehicle fees were $200,000 over the estimate.

c. **Education Fund** – Overall, the Education Fund was $400,000 below the estimate for the first two months. Sales and Use tax receipts and Purchase and Use receipts were down a total of $500,000 from estimates. However, Investment Income and Lottery receipts provided a small offset.

2. Medicaid Trending

Medicaid expenditures through the first two months of the fiscal year were slightly below the amount budgeted. After the reductions to the Medicaid budget that were taken in August as part of the rescission process, through 9/8/17, Vermont has under spent the Medicaid budget by $14.8M gross using an 8 year lookback to develop trends. The underspending was the result of the type of claims received for payment, savings from better collections of drug rebates, and slightly lower ACO payments. Pharmacy payments are a little over projections. There are a number of upside pressures still to be addressed so this underspending may be somewhat offset with other increases to come.

3. The Exchange

This fall's period for reenrollment on the exchange will be 45 days, running from November 1 to December 15, which is shorter than the two-month period last year. Details on how this will unfold could be presented at a later Committee meeting. The Department could increase the reenrollment period if it becomes necessary to do so, but as of now, the plan is for the reenrollment period to be 45 days.

4. Federal Budget Update

Staff from Vermont's Congressional Delegation will present their perspectives on the status of the federal budget at the Joint Fiscal Committee meeting. With the recent short-term extension of the debt limit and related funding decisions, the leadership has cancelled the special session tentatively planned for October. We will continue to monitor the federal budget and may receive a further update at the November 2017 JFC meeting.

5. Education Funding

The process has begun within the Administration to develop the education tax rates that the Administration will include in a letter to the Legislature on December 1. Very early projections continue to show the potential for a substantial 6- to 10- cent increase with a fully funded reserve and other current law assumptions. We will know more at the November meeting. Prior to the legislative session, the Administration may make proposals, and during the session, the Legislature may take steps to reduce some or all of any increase in education tax rates in FY 2019.

6. State Employees' and Teachers' Retirement Funds

As mentioned in July, the assumed rates of return for the retirement system, which are used in actuarial calculations, were reduced from 7.9% to 7.5% for FY 2018. This lower return projection will increase the funding obligations on an annual basis in future years.

Current estimates indicate a combined additional FY 2019 General Fund need of $7.4 million to offset the change in assumed investment returns. Of this amount, $6.2 million is the share that will come from the State Teachers' Retirement System. There will be other changes that impact General Fund need.

7. LIHEAP

Recent congressional action indicates that the federal LIHEAP block grant is likely to be level funded. The caseload and cost of fuel for the coming heating season is currently being estimated by DCF which will impact the average benefit level. There will be a presentation at the Joint Fiscal Committee meeting on LIHEAP.

8. Studies

a. **The Minimum Wage Study Committee -** The Committee has met twice and materials that are prepared for it can be viewed at its website: http://www.leg.state.vt.us/jfo/min_wage_study.aspx

b. We have begun the development work for the **Tax Increment Financing Study**. We have talked with the Lincoln Land Institute; they are working on a national study in the same general time period.

9. Joint Fiscal Office Updates

a. Nolan Langweil has completed **an issue brief on Surplus and Risk-Based Capital for Health Insurance Companies**. As insurance premiums continue to rise locally and nationwide, lawmakers are increasingly concerned with the affordability of health insurance. This issue brief discusses the idea of surplus, why insurance companies are required to have surpluses, the concept of risk-based capital, other states' requirements, and additional considerations. It can be found at Surplus and Risk-based Capital for Health Insurance Companies.

b. **Review of JFO website**: The Joint Fiscal Office has asked the Blue House Group, who developed and manages changes to the legislative website, to look at our website to see how it might be improved or better integrated into the Legislature's site. Based on what they come up with, we hope to bring a plan for the future of the JFO website forward to the Committee by next July.

E.1.

Joint Fiscal Committee
September 14, 2017
Commissioner Hutt, Department of Developmental, Aging and Independent Living
Commissioner Bailey, Department of Mental Health
Sarah Clark, Chief Financial Officer, Agency of Human Services

Act 85 of the 2017 Legislative session appropriated $8.37M gross for increased payments to the Designated and Specialized Service Agencies (DAs and SSAs) to fund the costs of increasing the hourly wages of workers to $14 per hour and to increase the salaries of crisis response and crisis bed personnel. The appropriation was split between the Department of Mental Health ($5.91M) and Department of Disabilities, Aging and Independent Living ($2.46M). The increases were implemented in the manner detailed below.

The DAIL (Developmental Services) and DMH allocations were based upon an initial analysis provided to the Legislature by Vermont Care Partners. The Appropriations in Act 85 were based on this analysis. Though the total identified need remained consistent, upon further analysis by the DAs/SSAs, amounts shifted between DS and MH from original estimates. However, due to appropriation level constraints, the initial allocations stand. Financial exhibits for FY18 Master Grants have been finalized to include the funding allocated in the FY18 Appropriations Act.

The effective date of the increase will be retro to July 1, 2017.

The rate increases reflect the following methodologies:

- The DS/**SSAs** will be provided funding based on their stated need;
- The DS/**DA** allocation will be to the degree possible given the remaining DS appropriation;
- The MH/**DA** allocation will be an increase of 6.5% to the Medicaid fee-for-service rates.

The attached spreadsheet details the funding received by each DA and SSA.

FY 18 Final DA/SSA Increase Allocations

	CMC	CSAC	HCRS	H C	LCMH	NKHS	NCSS	RMHS	UCS	WCMH	NFI	Pathways	UVS	SCC	LSI	CCS	GMSS	FF	Total
FY 18 MH Medicaid Allocation Increases	345,949	392,288	663,926	1,307,761	488,851	512,796	482,805	305,189	253,787	969,878	123,123	64,221	-	-	-	-	-	-	5,910,574
FY 18 DS Allocation Increases	-	71,212	168,618	202,401	64,685	238,584	147,087	237,994	188,092	110,708	-	-	206,721	297,262	37,184	135,911	106,556	253,409	2,466,424
Total Allocation	345,949	463,500	832,544	1,510,162	553,536	751,380	629,892	543,183	441,879	1,080,586	123,123	64,221	206,721	297,262	37,184	135,911	106,556	253,409	8,376,998

MH Medicaid Rate Increase - 6.5%

E.1

State of Vermont
Department of Vermont Health Access
NOB 1 South, 1st Floor
280 State Drive
Waterbury, Vermont 05671

Vermont Medicaid Payment Alignment Report

Act 85 of 2017

Submitted to
The Joint Fiscal Committee

Submitted by
Cory Gustafson, Commissioner
Department of Vermont Health Access

Michael Costa, Deputy Commissioner
Department of Vermont Health Access

September 14, 2017

This report is submitted to fulfill the requirements of Section E.306.2 of Act 85 of 2017, titled *Medicaid Payment Alignment*.[1] The report describes certain payments and payment changes, both implemented and contemplated, within the Medicaid program. Section A sets forth the statutory charge. Section B describes the current state of Disproportionate Share Hospital (DSH) payments. Section C summarizes changes to certain primary care payments. Section D lists other primary care investments.

Section A: Statutory Charge

The study arises from language included in the State budget for State Fiscal Year (SFY) 2018.

Sec. E.306.2 MEDICAID PAYMENT ALIGNMENT
(a) It is the intent of the General Assembly that alignment of the various Medicaid provider payments, as funded in this act, support access to primary care, including access to independent primary care practices and mental health services statewide.
(b) In order to accomplish this, the Department of Vermont Health Access is authorized to make adjustments and transfers within the related appropriated amounts of fiscal year 2018 general funds for these line items in the aggregate as follows:

(1) Adjust the total DSH amount to a level no lower than $27,488,781.

(2) Set a specific limit for annual DSH payments to an in state academic postgraduate teaching facility within the DSH formula.

(3) Review and adjust current facility based payments, and specifically evaluate any Medicaid payments that are above the payment from Medicare for the same service in order to further enhance primary care payments in fiscal year 2018.

(c) The Department of Vermont Health Access shall report to the Joint Fiscal Committee in September and November 2017 on any adjustments and transfers made under this authority.

The next three parts of the report provide an update on payment issues listed in § E.306.2(b)(1) – (3).

Section B: Disproportionate Share Hospital (DSH) Payments

There are two primary purposes of DSH Payments: (1) to offset uncompensated costs borne either through the costs to serve uninsured patients or the costs not paid by DVHA or CMS for Medicaid beneficiaries and (2) maintain access for low income individuals.[2] DVHA will make DSH payments to hospitals in the amount of $27,488,781 for State Fiscal year 2018, the minimum amount set forth in Act

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[1] See http://legislature.vermont.gov/assets/Documents/2018/Docs/ACTS/ACT085/ACT085%20As%20Enacted.pdf.
[2] DVHA offered the House Health Care Committee a brief primer on DSH. *See* http://legislature.vermont.gov/assets/Documents/2018/WorkGroups/House%20Health%20Care/Bills/H.518/FY2018%20Governor's%20Proposed%20State%20Budget/DVHA%20Budget/W~Michael%20Costa~Federal%20Medicaid%20Disproportionate%20Share%20Hospital%20(DSH)%20Allotment,%20Payments,%20and%20Proposal~2-22-2017.pdf. The State's annual DSH report offers more detailed information. *See* http://dvha.vermont.gov/for-providers/dsh-methodology-for-ffy-2017-final-10-05-16.pdf.

85. The current projected amount on a per hospital basis is listed in below in Table 1, along with historical payment data.

Table 1: DSH Payments, Federal Fiscal Years (FFY)2012 – 2018[3]

	DSH FFY 2012 Payments	DSH FFY 2013 Payments	DSH FFY 2014 Payments	DSH FFY 2015 Payments	DSH FFY 2016 Payments	DSH FFY 2017 Payments	DSH FFY 2018 Payments
Brattleboro Memorial Hospital	$ 1,176,989	$ 1,236,502	$ 881,885	$ 1,100,858	$ 895,517	$ 983,812	$ 517,313
Central Vermont Medical Center	$ 1,893,868	$ 2,057,789	$ 2,123,923	$ 3,113,501	$ 3,247,134	$ 1,606,925	$ 1,628,175
Copley Hospital	$ 677,478	$ 667,459	$ 819,721	$ 696,562	$ 502,588	$ 988,678	$ 758,102
Gifford Medical Center	$ 875,394	$ 807,107	$ 806,560	$ 842,693	$ 982,684	$ 858,641	$ 645,999
Grace Cottage Hospital	$ 153,081	$ 216,999	$ -	$ -	$ -	$ -	$ -
Mt. Ascutney Hospital	$ 302,698	$ 283,346	$ 533,586	$ 376,571	$ 187,766	$ 541,427	$ 683,877
North Country Hospital	$ 2,092,289	$ 1,848,818	$ 2,738,458	$ 2,432,098	$ 1,825,088	$ 1,463,567	$ 403,818
Northeastern Vermont Hospital	$ 1,033,166	$ 1,293,715	$ 1,759,289	$ 1,695,772	$ 1,472,395	$ 1,742,622	$ 1,075,299
Northwestern Medical Center	$ 2,109,676	$ 2,128,462	$ 1,543,718	$ 1,274,456	$ 1,455,325	$ 1,897,969	$ 1,278,056
Porter Medical Center	$ 753,493	$ 827,357	$ 600,425	$ 962,327	$ 505,159	$ 443,503	$ 813,664
Retreat Health Care	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rutland Regional Medical Center	$ 3,821,595	$ 4,251,425	$ 5,395,100	$ 4,701,489	$ 4,200,184	$ 5,693,662	$ 3,995,289
Southwestern Vermont Hospital	$ 2,437,759	$ 2,073,221	$ 2,563,962	$ 2,884,892	$ 1,927,505	$ 727,153	$ 1,043,610
Springfield Hospital	$ 1,396,906	$ 1,641,055	$ 1,433,114	$ 2,435,484	$ 1,523,045	$ 1,776,430	$ 881,186
University of Vermont Medical Ctr	$ 18,724,391	$ 18,115,526	$ 16,249,041	$ 14,932,076	$ 18,724,391	$ 18,724,391	$ 13,724,391
Totals	**$ 37,448,781**	**$ 37,448,781**	**$ 37,448,781**	**$ 37,448,781**	**$ 37,448,781**	**$ 37,448,781**	**$ 27,448,780**

The historical data reveals volatility in the annual payment made to individual hospitals. The volatility is due to the current DSH formula, which relies on many variables and compares a hospital's uncompensated costs to the experience of other hospitals. DVHA believes that the present DSH formula is inconsistent with the overall policy goals of making health care financing more predictable and sustainable. Accordingly, DVHA is willing to work with providers to re-evaluate the DSH formula for future years. DVHA believes that the issue of setting a proper DSH methodology is separate from setting the level of funding. The ACA requires future DSH reductions, but this issue is the subject of ongoing federal uncertainty.

[3] Hospitals are required to operate on a federal fiscal year starting in October while the State Fiscal Year starts in July. While not required, DSH payments are typically made in three equal installments in October, November, and December so that they fall in the same state and federal fiscal year.

Section C: Changes to Primary Care Payments

Increasing primary care investments is a key health care reform goal.[4] Investments in primary care can take several forms. Avenues for investment include the following:

- Payment rates for services,
- Additional or increases to payments from DVHA, The Blueprint for Health, and accountable care organizations, and;
- Investments for services primary care offices use, such as information technology or analytics.

The State of Vermont's investment in primary care should be viewed not just as rates but the sum of these expenses. Totaling all investments in primary care can be difficult due to challenges defining primary care; however, DVHA will be investigating this issue further and may have an update in the November report.

One strategy to promote this goal is to create equity between Medicare and Medicaid for primary care rates. Vermont took advantage of time limited federal funding to achieve this parity until the federal program expired on December 31, 2014. This was broadly referred to as the "primary care bump." Vermont policymakers have made incremental progress towards restoring the bump over the past several fiscal years, including allocating an additional $4 million in investment in SFY2017.

DVHA has now achieved this goal by aligning payment for certain primary care codes with Medicare through its recent update to its physician fee schedule and primary care incentive payments, which became effective August 1st.[5] Specifically, DVHA increased the rate paid to eligible primary care providers for certain services to equal the Medicare calendar year 2017 payment rates.[6] This increase is achieved by using a special conversion factor (CF), which was formerly called an Enhanced Primary Care Payment, or EPCP.

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[4] The Blueprint for Health has demonstrated Vermont's long-term commitment and practice of primary care investment and innovation. Additionally, the Vermont All-Payer Accountable Care Organization (ACO) Model Agreement with the federal government is focused on primary care. *See* http://gmcboard.vermont.gov/payment-reform/APM.

[5] Vermont's Global Commitment Register (GCR) provides information on Vermont Medicaid policy changes. GCR 17-061 contains information on these primary care payments. See http://dvha.vermont.gov/global-commitment-to-health/global-commitment-register.

[6] The Vermont Medical Society's comments to this proposed change listed creating equity with Medicare payments as a "major public policy milestone."

It is useful to understand how Medicare and Medicaid typically pay physicians. DHVA pays for professional services using the resource-based relative value scale, known as Resource-based Relative Value System (RBRVS). This system uses resource-based relative value units (RVUs) developed by Medicare as the basis for determining rates. DVHA updates these relativities periodically. There are three types of RVUs: physician work, practice expense, and malpractice. A provider's place of service determines whether a non-facility (all three RVUs) or a facility (just physician work) are paid. The relativities are then turned into a Medicaid rate by applying a Medicaid-specific Conversion Factor (CF). There is an enhanced CF for eligible primary care providers and services.[7] The enhanced payment is on certain codes associated with primary care. A list of services and codes eligible for the enhanced payment is provided on the next page in Table 2:

[7] Each of these RVUs are also multiplied by its corresponding Geographic Practice Cost Index (GPCI), which can account or geographical differences between providers. While this is important in some areas, Vermont uses the same GPCI statewide and it does not create any differentiation in payment for providers.

Table 2: Update to List of Primary Care Conversion Factor Eligible Service

HCPCS/CPT with NO CHANGE

HCPCS/ CPT Code	HCPCS Description	Prior to August 1, 2017 Updates, Included as EPCP CF?	Pre-August 1, 2017 Updates, Included as Primary Care CF?
90460	immunization admin	YES	YES
90461	immunization admin	YES	YES
90471	Immunization admin	YES	YES
90472	Immunization admin each add	YES	YES
90473	Immune admin oral/nasal	YES	YES
90474	Immune admin oral/nasal addl	YES	YES
99201	Office/outpatient visit new	YES	YES
99202	Office/outpatient visit new	YES	YES
99203	Office/outpatient visit new	YES	YES
99204	Office/outpatient visit new	YES	YES
99205	Office/outpatient visit new	YES	YES
99211	Office/outpatient visit est	YES	YES
99212	Office/outpatient visit est	YES	YES
99213	Office/outpatient visit est	YES	YES
99214	Office/outpatient visit est	YES	YES
99215	Office/outpatient visit est	YES	YES
99318	Annual nursing fac assessmnt	YES	YES
99324	Domicil/r-home visit new pat	YES	YES
99325	Domicil/r-home visit new pat	YES	YES
99326	Domicil/r-home visit new pat	YES	YES
99327	Domicil/r-home visit new pat	YES	YES
99328	Domicil/r-home visit new pat	YES	YES
99334	Domicil/r-home visit est pat	YES	YES
99335	Domicil/r-home visit est pat	YES	YES
99336	Domicil/r-home visit est pat	YES	YES
99337	Domicil/r-home visit est pat	YES	YES
99341	Home visit new patient	YES	YES
99342	Home visit new patient	YES	YES
99343	Home visit new patient	YES	YES
99344	Home visit new patient	YES	YES
99345	Home visit new patient	YES	YES
99347	Home visit est patient	YES	YES
99348	Home visit est patient	YES	YES
99349	Home visit est patient	YES	YES
99350	Home visit est patient	YES	YES
99354	Prolonged service office	YES	YES
99355	Prolonged service office	YES	YES
99381	Init pm e/m new pat infant	YES	YES
99382	Init pm e/m new pat 1-4 yrs	YES	YES
99383	Prev visit new age 5-11	YES	YES
99384	Prev visit new age 12-17	YES	YES
99385	Prev visit new age 18-39	YES	YES
99386	Prev visit new age 40-64	YES	YES
99387	Init pm e/m new pat 65+ yrs	YES	YES
99391	Per pm reeval est pat infant	YES	YES
99392	Prev visit est age 1-4	YES	YES
99393	Prev visit est age 5-11	YES	YES
99394	Prev visit est age 12-17	YES	YES
99395	Prev visit est age 18-39	YES	YES
99396	Prev visit est age 40-64	YES	YES
99397	Per pm reeval est pat 65+ yr	YES	YES
99401	Preventive counseling indiv	YES	YES
99402	Preventive counseling indiv	YES	YES
99403	Preventive counseling indiv	YES	YES
99404	Preventive counseling indiv	YES	YES
99406	smoking and tobacco use	YES	YES
99407	smoking and tobacco use	YES	YES
99408	alcohol and/or sub abuse screen	YES	YES
99409	alcohol and/or sub abuse screen	YES	YES
99450	basic life and disability exam	YES	YES
99460	Init nb em per day hosp	YES	YES
99461	Init nb em per day non-fac	YES	YES
99462	Sbsq nb em per day hosp	YES	YES
99463	Same day nb discharge	YES	YES
99464	Attendance at delivery	YES	YES
99465	Nb resuscitation	YES	YES
99466	Ped crit care transport	YES	YES
99467	Ped crit care transport addl	YES	YES
99468	Neonate crit care initial	YES	YES
99469	Neonate crit care subsq	YES	YES
99471	Ped critical care initial	YES	YES
99472	Ped critical care subsq	YES	YES
99475	Ped crit care age 2-5 init	YES	YES
99476	Ped crit care age 2-5 subsq	YES	YES
99477	Init day hosp neonate care	YES	YES
99478	Ic lbw inf < 1500 gm subsq	YES	YES
99479	Ic lbw inf 1500-2500 g subsq	YES	YES
99480	Ic inf pbw 2501-5000 g subsq	YES	YES

PROPOSED HCPCS/CPT TO EXCLUDE

HCPCS/ CPT Code	HCPCS Description	Prior to August 1, 2017 Updates, Included as EPCP CF?	Pre-August 1, 2017 Updates, Included as Primary Care CF?
99217	Observation care discharge	YES	NO
99218	Initial observation care	YES	NO
99219	Initial observation care	YES	NO
99220	Initial observation care	YES	NO
99221	Initial hospital care	YES	NO
99222	Initial hospital care	YES	NO
99223	Initial hospital care	YES	NO
99231	Subsequent hospital care	YES	NO
99232	Subsequent hospital care	YES	NO
99233	Subsequent hospital care	YES	NO
99234	Observ/hosp same date	YES	NO
99235	Observ/hosp same date	YES	NO
99236	Observ/hosp same date	YES	NO
99238	Hospital discharge day	YES	NO
99239	Hospital discharge day	YES	NO
99281	Emergency dept visit	YES	NO
99282	Emergency dept visit	YES	NO
99283	Emergency dept visit	YES	NO
99284	Emergency dept visit	YES	NO
99285	Emergency dept visit	YES	NO
99291	Critical care first hour	YES	NO
99292	Critical care addl 30 min	YES	NO
99304	Nursing facility care init	YES	NO
99305	Nursing facility care init	YES	NO
99306	Nursing facility care init	YES	NO
99307	Nursing fac care subseq	YES	NO
99308	Nursing fac care subseq	YES	NO
99309	Nursing fac care subseq	YES	NO
99310	Nursing fac care subseq	YES	NO
99315	Nursing fac discharge day	YES	NO
99316	Nursing fac discharge day	YES	NO
99356	Prolonged service inpatient	YES	NO
99357	Prolonged service inpatient	YES	NO

**E&M Codes from 99201 through 99499 or vaccine administration codes from 90460 through 90474; as of 7/1/2017 excludes 99217-99316.

**Reimbursement is for Physician fee's only and does not include any Facility fee's.

It is important to note that in achieving equity with Medicare in primary care that DVHA now mirrors Medicare policies that differentiate payment amounts between physician services and those services rendered by a nurse practitioner and physician assistant. DVHA has not always made this distinction in previous years. Specifically, DVHA did not make this distinction between physicians and non-physicians when the EPCP was 100% federally funded and unintentionally failed to create this distinction in previous years.

DVHA funded these changes with several policy changes and an additional appropriation by the legislature. First, DVHA made several technical corrections to its enhanced primary code payments. Technical changes included:

- Exclusion of codes previously eligible for an enhanced payment that were not truly for primary care. (See Table 2). For example, several emergency room codes were being paid at the enhanced rate.
- Changes that shifted eligibility for the payment from one based on code utilization to one based on attestation as a primary care provider. This change excluded some clinicians that are not likely to be primary care focused and services that do not occur in a primary care setting. For example, several emergency room codes were previously included in the enhanced payment code set.
- A distinction between enhanced primary care payments made in a facility and non-facility setting. Previously, the program paid facilities (like hospitals) the higher non-facility rate. Now, DVHA is paying either a facility-based EPCP or non-facility-based EPCP depending upon the provider.
- Alignment with Medicare policies regarding the payment differential between physician and non-physician clinicians, as described in the above paragraphs.

The total net increase in spending on eligible primary care providers is estimated to be approximately $1.6 million; however, the adjustments described above reallocated some of the current enhanced payment and other payments to this investment.

Overall, DVHA believes that the program now better supports primary care by mirroring the underlying reimbursement principle with Medicare where it is prudent to do so. DVHA will continue to monitor the program to assess performance.

Section D: Other Primary Care Investments

DVHA continues to make other investments that support primary care. These investments include Blueprint for Health payments, accountable care organization (ACO) payments, and Primary Care Case Management payments.

The Blueprint for Health

The Blueprint continues to invest in primary care work and innovation. These investments consist of expenses to support practices and programs as well as direct payments to practices.

Investment expenditures include learning collaboratives, surveys, analytics, health information technology (HIT) development, and a variety of one-time and per member per month (PMPM) payments. Direct blueprint payments are made for the following programs:

- Patient-centered Medical Home (PCMH) PMPM (All Insurers)
- Community Health Team (CHT) Core Monthly Payments (All Insurers)
- CHT Medication Assisted Treatment (MAT) for Spokes PMPM
- Services and Supports at Home (SASH) Payments for Medicare Quarterly Payments
- Women's Health Initiative (WHI) One Time Payments for Medicaid (At Program Initiation)
- WHI PMPM for Medicaid
- CHT WHI Payments for Medicaid PMPM

Total Blueprint investments are expected to be approximately $39.2 million in SFY 18, of which the State of Vermont pays $25.2 million.

Accountable Care Organization (ACO)

The Vermont Next Generation ACO Program (VMNG) provides a $6.50 PMPM administrative fee to the ACO, and the ACO pays $3.25 of each PMPM to the primary care provider that is responsible for those attributed lives. Those payments have totaled an investment of approximately $719,000 in primary care as of August 31st.[8]

Primary Care Case Management (PCCM)

DVHA continues to make Primary Care Case Management (PCCM) payments to providers in the amount of $2.50 PMPM for their patients enrolled in Medicaid, totaling approximately $3.3 million annually. PCCM payments are distinguishable from Blueprint and ACO payments. First, the PCCM payment is not tied to a delineated and measurable program like the Blueprint and ACO. Second, it is not tethered to a prospectively known individual for a known period of time, unlike the ACO PMPM that follows a specific member for the year and is paid from the ACO. Instead, the PCCM methodology is based on ongoing health care utilization and can change monthly. Also, it is paid as part of DVHA's ordinary remittances to a provider, meaning that the provider experiences the PCCM payment as an add on to their regular payments from DVHA. Accordingly, there is no evidence to support that this payment is contributing to the provision of case management.

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[8] See the September 2017 ACO report submitted by DVHA to the Legislature pursuant to Act 25 of 2017. Estimated publication date of September 15, 2017: http://legislature.vermont.gov/reports-and-research/find/2018.

Health Centers

DVHA has been engaged in a multi-year project to evaluate the way it pays health centers, both Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs). The result of this project will be re-setting health center rates starting calendar year 2018. DVHA is currently in the process of consulting with health centers and will update the committee on this issue in the November report.

Next Steps

DVHA continues to evaluate its payment rates and methodologies to ensure alignment with overall policy goals. DVHA will report again to the Joint Fiscal Committee on this issue in November, as required by Act 85.

D.2

LIHEAP Funding & Benefit Stats Compilation

13-Sep-17

SFY	LIHEAP Total	LIHEAP Carry-Over (1)	State Funds	TOTAL FUNDS		Fuel Liability Households	Full Season Fuel Liability Avg. Benefit O/P/K	Nov-Apr Avg cost petro/gal (2)	Purchase Power Gallons / %age (3)	SFY
2018	$16,120,387	$3,706,712	$2,967,984	$22,795,083		20,000	$879	$2.16	407 / 53%	**2018**
				Note: 2018 Numbers are Projections and based upon assumption of level-funded block grant						
2017	$16,181,020	3,646,376	3,837,000	23,664,396		21,286	$831	$2.16	385 / 50%	**2017**
2016	$14,664,644	$1,939,626	$2,857,970	$19,462,240		22,618	$699	$2.11	331 / 43%	**2016**
2015	$18,965,161	$2,074,954	$5,000,000	$26,040,115		25,147	$783	$2.87	274 / 36%	**2015**
2014	$19,140,144	$591,060	$8,100,000	$27,831,204		26,625	$792	$3.62	219 / 29%	**2014**
2013	$18,359,509	$1,583,684	$9,700,000	$29,643,193	**(4)**	27,776	$898	$3.85	233 / 31%	**2013**
2012	$19,529,156	$4,005,000	$6,100,000	$29,634,156		27,100	$900	$3.61	249 / 33%	**2012**
2011	$27,557,850	$6,687,000	$0	$34,244,850	**(5)**	26,546	$866	$3.31	262 / 34%	**2011**
2010	$27,341,881	$5,447,000	$0	$32,788,881		20,399	$1,064	$2.68	397 / 52%	**2010**
2009	$38,642,377	$363,000	$0	$39,005,377	**(6)**	19,227	$1,718	$2.62	656 / 86%	**2009**
2008	$16,883,723	$1,780,000	$5,898,032	$24,561,755	**(7)**	15,369	$1,362	$3.24	420 / 55%	**2008**

(1) The carry-over amounts are as of June 30 State Fiscal Year 2017 close-out
(2) 2017 Heating Season "Blended price" for oil/propane/kerosene including MOR/DOR discounts
(3) Assumes average winter consumption of 764 gallons for a delivered petro fuel (oil/propane/kerosene)
(4) Includes $130,000+ in non-block grant LIHEAP funds
(5) Income maximum increased from 156% federal poverty level gross per month to 185% fpl, and resource test eliminated
(6) In July 2008 - heating oil approached $5.00/gallon
(7) State Funds Contributed Prior to SFY 2008: SFY2007 $590,769; SFY2006 $10,200,000; and SFY 2005 $1,000,000
No state funds were contributed to LIHEAP <u>prior</u> to FFY2005

* LIHEAP Totals for 2016 - 2018 are total federal block grant awarded during the respective fiscal years less the $2.8M transfer to Weatherization

** 2016 LIHEAP block grant award is less $2.8M transfer to Wx *and* less 10% of block grant, which was carried over into 2017. Projected 2017 block grant amount does not anticipate any federal carryover into 2018

F.

To: Fred Kenney, Executive Director, Vermont Economic Progress Council
From: Ken Jones
Date: September 12, 2017
Re: Annual Update: Fiscal Cost-Benefit Model, Calendar Year 2017

I. Background

The completion of calendar year 2016 marks the tenth full year of operations for the Vermont Employment Growth Incentive (VEGI). VEGI is the current economic development incentive program overseen by the Vermont Economic Progress Council (VEPC). VEPC has provided oversight for the state's economic development incentive programs since 1999 when the Economic Advancement Tax Incentive (EATI) program was passed by the Vermont General Assembly. The EATI program was replaced by the 2006 General Assembly with the current VEGI program. As part of the new program, a VEGI Technical Working Group – including representation from VEPC, the Legislature and the Vermont Department of Taxes – was formulated to monitor, assess, and evaluate the implementation of the new VEGI program. This process was undertaken given the implementation experience with the EATI program.

II. Purpose of Memorandum

This memo is intended to document the process of the annual update of the VEGI model for use during calendar year 2017. As we have done in the past, changes in the economy necessitate annual updates of the VEGI analytical model in order to maintain the model's validity. Re-calibrating these models with new data prevents erroneous conclusions, as outdated assumptions and values of key indicators will undoubtedly lead to over-or under-estimation of the potential economic and fiscal impact of program incentives. As the Vermont economy continues on its labor market recovery from the recession of 2007-2009, the new long-term economic and fiscal consensus forecasts of the Vermont Joint Fiscal Office and the Agency of Administration continue to form the basis of the fiscal cost-benefit model assumptions and other parameters included in the model which apply to calendar year 2017. This annual update of the VEGI model incorporates all of the most recent consensus forecasts and all of the latest fiscal information available as of January, 2017 (e.g. the January 2017 Legislative-Administration Consensus Revenue Forecast approved by the Vermont Emergency Board on January 19, 2017). All of the key fiscal and demographic data in the model which informs the conversion from economic impact concepts into relevant fiscal data used in the cost/benefit scorekeeping have been updated.

As part of this annual update, I carried out a comprehensive review of the REMI model and its recent changes to identify what assumptions about the impacts of Vermont business growth will have on key economic indicators.

In addition, during 2016, a reformed VEGI Technical Group reviewed the procedures and calculations for background growth that buffer some of the gross impacts of VEGI applicant proposed growth.

After that review, no clear option rose that would provide an improved mechanism for determining a background against which project applicant growth should be compared. As a result, for 2017, we propose to continue to use the same background growth rates that have been used for the past several years.

III. Standard Annual Model Updates

a. Firm Data Page

The basic components of the analysis are entered into this page. This basic information provides context to the calculations of the model, setting high-order calibrations in order to capture such important variables as industry classification and project location. On this page, the only edit was to change the application year from 2016 to 2017 to reflect the calendar year. As a dynamic variable, this change carried through to the rest of the model.

b. Project Data and Modular Settings Page:

The Project Data Page is where the specifics regarding number of jobs, total payroll, and capital investment expenditures proposed by the applicant's project are entered. This page also contains several statistics used in the various calculations of costs and benefits found throughout the model. The Modular Settings Page consists of support calculations metrics for some the data which flows through to the Project Data Page. The following is a list of the specific items updated on these pages which are consistent with all previous annual updates.

1. Property Value Inflator: The property value inflator is relevant to the calculation of an applicant's benefits to state revenue, specifically in the calculation of the effects on the Education Fund. It is used to measure the growth of property values resulting from an applicant's project. The difference between education fund revenues with and without the applicant's project is calculated. As has been the practice in past model updates, this figure was obtained from the most recent Consensus Forecast for Education Fund concepts of the Legislative Joint Fiscal Office and the Agency of Administration. The prior model's figures are updated with the new forecast figures. This statistic is used in conjunction with the Projected Statewide Grand List Growth Rate. The figure is used as a projected measure of growth of the statewide grand list and used in the calculations of changes in property values as a background rate growth.

2. Statewide School Tax Rate for Residential and Nonresidential Property: These metrics are used in the calculation of the revenue generated from the

proposed project which will be contributed to the Education Fund Based on both residential and nonresidential property improvements. The original data source for this update was the Vermont Department of Taxes (for fiscal year 2017).

3. State & Local Government Price Deflator: This figure is used in the calculation of various costs and benefits associated with an applicant's project. It is used in the formula which projects the growth of the various funds' costs and revenues forward in time. This figure was obtained from the same Consensus Forecast of the Legislative Joint Fiscal Office and the Agency of Administration referred to in #1 above.

4. Estimated per Student Grant, Estimated Special Education Per Equalized Pupil: These figures are used in the calculation of changes in education costs associated with the applicant's project. ***This calculation has been changed for this year.*** Due to changes from legislation in Act 46, a simplified procedure now uses total education fund expenditures divided by the total enrollment published by the Agency of Education to arrive at a per pupil expenditure.

5. Vermont Estimated Population: As this update takes place in an inter-censual year, the figure used in this update of the cost/benefit model is the population estimates for the state of Vermont embedded in the REMI input-output model. This figure is used when converting any of the data in the cost-benefit model into per capita figures.

6. FY General Fund Expenditures, FY Expenditures Fund Appropriations: These figures are used to calculate the changes in General Fund and Transportation Fund costs associated with the change in population related to an applicant's project in the most recent fiscal year. The figures are converted to a per capita basis and used in conjunction with the change in population associated with each applicant's project. The updated figures are obtained from the Vermont Department of Finance and Management and the Legislative Joint Fiscal Office.

7. Corporate Revenue/Nonfarm Supervisory Job: This figure is used to estimate revenues associated with a change in employment from an applicant's project. It relates levels of corporate income tax to a per job basis. This can then be used to estimate the incremental corporate income tax associated with a change in employment related to an applicant's project. This figure is obtained from the most recent total corporate tax revenue divided by the BEA's concept of employment data (and includes both full and part time jobs and also proprietors). The BEA employment series data is used as a predictor of future revenues in the model and is preferred for this model since it is the most inclusive data for proprietors and workers in the farm sector.

8. Per Capita Other General Fund Revenues, Per Capita Other Transportation Fund Revenues: These figures are used to capture the 'Other' category for revenues found in the General and Transportation Funds. They are converted to a per capita basis and used in conjunction with the change in population associated with an applicant's project. The updated figure is obtained from the 2014 Calendar year tax revenues divided by the population.

9. State Personal Income Tax Rate, State Sales & Use Tax Rate, State Gas Tax Rate, State MVP&U Tax Rate, Background Statewide Education Property Tax Rate: These figures are used to determine part of the forecasted revenues over the forecast impact period from the new demand from an applicant's proposed project. They are applied to the changes in consumption associated with an applicant's project to yield projected incremental tax revenues. These figures are obtained from the most recent fiscal year data available on total taxes received. These data are then applied to various REMI consumption items to complete the bridge between REMI economic output data and the state's fiscal cost-benefit concepts.

c. REMI Economic Output Page

In addition to being the recipient of the output of the REMI input/output model, there are several embedded REMI control variables which are updated as part of the annual model review. Consistent with the previous year's updates, the equilibrium data from the REMI control is updated for the year of application. These variables include several consumption related factors such as overall consumption, general price indices, as well as specific price indices by consumption category.

d. Qualifying and Non-Qualifying Jobs & Wages Pages

As a result of the change in the model's base year from 2016 to 2017, the lookup function which finds the REMI input-output anticipated level of compensation by industry was updated to ensure accurate future wage levels were taken into account.

e. Present Value Calculations Page

This page calculates the present value of the total benefits and costs associated with a project. The updated present value discount rate was obtained from the analysis of the three year moving average of the Muni Bond Advisors index: General Obligations Bonds: 20-Years to Maturity.

f. 'NAICS Row' Lookup Page

No changes have been made to this page that prescribes background growth rates.

g. Regional Differential

The Regional Differential effect embedded within the model, governing the different economic impact of an applicant project depending on its location, remains unchanged for CY 2017. This determinant is only re-evaluated as new data becomes available from the Vermont Department of Labor, typically during the summer, and no changes have been made for this update.

Bond rates from http://www.munibondadvisor.com/market.htm

2010	4.6
2011	4.4
2012	4.1
2013	4.1
2014	4.1
2015	4.1
2016	3.7
2017	3.6

F.

Kavet, Rockler & Associates, LLC
985 Grandview Road
Williamstown, Vermont 05679-9003 U.S.A.
Telephone: 802-433-1360
Fax: 866-433-1360
Cellular: 802-433-1111
E-Mail: tek@kavet.net
Website: www.kavetrockler.com

Memorandum

To: Steve Klein, Chief Fiscal Officer, Joint Fiscal Office

From: Tom Kavet

CC:

Date: September 12, 2017

Re: Review of Proposed VEPC Cost-Benefit Model Update

As requested, I have reviewed the memos of September 12, 2017 from Fred Kenney and Ken Jones sent to you today that describe proposed model changes to the VEPC Cost-Benefit Model used to calibrate business award levels as a part of the VEGI program.

Although this is usually a routine review and update approval process by the Joint Fiscal Committee, one aspect of this update, the testing of a new REMI model, which underlies most of the Cost-Benefit Model calculations, revealed potential problems that we are still investigating with REMI economists and programming staff. Because of this, VEPC has agreed to use the current REMI model until such time as we can resolve all model issues that may affect the integrity of the Cost-Benefit Model estimates. We are working closely with Ken Jones, ACCD Economic Research Analyst, in this process.

Accordingly, the model changes proposed in the two memos from VEPC represent no changes to the underlying REMI model and consist only of the utilization of more recent data from Consensus JFO and Administration economic and revenue forecasts, State expenditures, updated discount rate data and Tax Department rate information for selected taxes. All of the proposed changes in Ken Jones' memo are regular annual model updates that will improve model output and should be approved.

Please let me know if you or others have any questions regarding these changes or the ongoing remedial work with REMI in connection with the VEGI Cost-Benefit Model.

G.

Federal Funding Related to Water Quality Improvement Efforts In Vermont, Interim Report

September 1, 2017

Prepared for the Vermont General Assembly in Accordance with Section E.700.1 of Act 85 (2017) (Amending 10 V.S.A. § 1389a).

VERMONT

Federal Funding Related to Water Quality Improvement Efforts in Vermont, Interim Report

September 1, 2017

Table of Contents

The Secretary of Administration appreciates the assistance received from staff at the Agencies of Natural Resources, Agriculture, Food and Markets and Transportation in the preparation of this report.

Cover Photos:

Top Left:	Stabilized stream crossing and vegetated buffer, Courtesy of USDA NRCS
Top Right:	Municipal wastewater treatment facility, Courtesy of Vermont DEC
Bottom Left:	New barnyard feedlot structure and waste storage facility, Courtesy of USDA NRCS
Bottom Right:	Restored wetland, Courtesy of USDA NRCS

Federal Funding Related to Water Quality Improvement Efforts in Vermont, Interim Report

Introduction

This report fulfills the requirement contained in section E.700.1 of Act 85 (2017) (amending 10 V.S.A. §1389a):

> (3) On or before September 1 of each year, the Secretary of Administration shall submit to the Joint Fiscal Committee an interim report regarding the information required under subdivision (b)(5) of this section relating to available federal funding.
>
> > (b)(5) A summary of available federal funding related to, or for, water quality improvement efforts in the State.

The intent of this interim report is to identify potential reductions in federal clean water funding and the associated impacts to Vermont's clean water improvement programs, should cuts to federal funds occur. The report presents information by agency and federal funding program. The assessment of the potential impacts to Vermont are based on the Trump Administration's proposed Budget of the U.S. Government, Fiscal Year 2018, since the Federal Fiscal Year (FFY) 2018 budget is currently under development by Congress.

The Trump Administration's proposed budget, in sum, would result in the loss of an estimated 18.4 positions that currently support Vermont's clean water programs. These positions are housed at the Vermont Department of Environmental Conservation (DEC) and the Agency of Agriculture, Food and Markets (AAFM) and are responsible for water pollution assessment and planning, pollution abatement project development, and grant administration. These positions are necessary for: the development of the state's watershed management and restoration plans referred to as tactical basin plans; the successful implementation of priority clean water improvement projects; development and implementation of federal Clean Water Act restoration plans referred to as Total Maximum Daily Loads (TMDLs);[1] the implementation of directives contained in the Vermont Clean Water Act (2015 Act 64); Vermont's ability to track progress towards meeting the state's clean water goals; and the successful administration of the clean water grants. A reduction in staffing levels will impede the state of Vermont's ability to administer these clean water programs and activities.

Updates on the U.S. Environmental Protection Agency (EPA) FY2018 budget are available on the Environmental Council of States website.

[1] Federal Water Pollution Control Act of 1972, 33 U.S.C. Section 1251 et seq., Section 303(d).

Vermont Agency of Agriculture, Food and Markets (AAFM)

Current Funding

The Vermont Agency of Agriculture, Food and Markets (AAFM) receives federal funds to support its engineering capacity from the following programs related to water quality:

- Section 319 Nonpoint Source Grant passthrough from Agency of Natural Resources (ANR) to AAFM. Section 319 supports 2.4 full time equivalent (FTEs) positions. Section 319 program is described below under the ANR section of this report.
- U.S. Department of Agriculture (USDA) Natural Resources Conservation Services (NRCS) Strategic Watershed Action Teams (SWAT), a program that focuses on the most critical subwatersheds to accelerate agricultural best practices implementation. The program currently funds 50 percent of one FTE. AAFM is working with the Joint Fiscal Office (JFO) to increase funding to support an additional one FTE (at 50 percent cost share with NRCS).

Potential Impacts from Proposed Reductions in Program Budget

The President's budget proposes to eliminate these programs. Assuming no replacement funds are available, AAFM would see a reduction in its engineering workforce of 3.4 FTEs, which is greater than a 50 percent reduction in the agency's current engineering capacity of six FTEs. The workforce reduction is due to the: (a) 2.4 FTEs (or 40 percent) reduction from the loss of Section 319 funds, and (b) one FTE (or 17 percent) reduction from the loss in NRCS SWAT funds.

Vermont Agency of Natural Resources (ANR)

The Agency of Natural Resources Department of Environmental Conservation (DEC) administers and funds most of the state's environmental programs. DEC receives 43 percent of its budget ($33.1 million of its $77.8 million budget) from federal sources, primarily from the U.S. EPA. Approximately $20 million of these funds represent multiple grant awards for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF).

Section 319 Nonpoint Source Grant

Current Funding

DEC's federal FY2017 Section 319 Nonpoint Source Grant (PPG319) application was for $1,180,793 which represents approximately nine percent of DEC's base federal funding of approximately $13 million (excluding federal State Revolving Loan Fund Program). The federal Clean Water Act Section 319 federal grant supports much of DEC's efforts to implement state clean water improvement projects. The grant focuses on nonpoint source pollution – diffuse sources of water pollution caused by precipitation or snowmelt-driven stormwater runoff from parking lots, roads and other hard surfaces and agricultural lands. Nonpoint source pollution is the leading cause of water use impairment to Vermont's surface water and ground water resources. Funding supports the implementation of the major nutrient total maximum daily loads (TMDLs) statewide, including the Lake Champlain TMDLs for phosphorus, the Lake Memphremagog TMDL for phosphorus, and the Long Island Sound/Connecticut River TMDL for nitrogen.

Potential Impacts from Proposed Reductions in Program Budget

The President's budget proposes to eliminate the Section 319 Program, which would result in a reduction of 11 FTEs at DEC's Watershed Management Division, (in addition to the reduction of 2.4 FTEs at AAFM described above). Assuming no replacement funds are available, the impact of this reduction to DEC's workforce is estimated to include: (a) over 50 percent reduction in river engineering technical and regulatory assistance (current workforce level is five FTEs); (b) elimination of river science that supports assessment, planning and implementation of river and floodplain restoration projects, (current workforce is three FTEs); (c) elimination of TMDL coordination, which involves public processes to identify impaired waterways that fail to meet Vermont's water quality standards, an assessment and determination of pollution reduction requirements, and the development of restoration plans, (current workforce is 1 FTE); (d) over 50 percent reduction in DEC's ability to track the state's progress in achieving water pollution reduction targets, (current workforce is 2 FTEs); and (e) over 75 percent reduction in senior leadership and expertise that manages DEC's Rivers Program, Lakes Program and Monitoring, Assessment and Planning Program (current workforce is 3 FTEs).

Pollution Control, Water Quality Monitoring (Section 106)

Current Funding

DEC's federal FY2017 Section 106 Water Quality Monitoring (PPG106) application was for $1,114,980, which represents approximately 8.5 percent of DEC's base federal funding of approximately $13 million (excluding federal State Revolving Loan Fund Program). The federal Clean Water Act Section 106 funds support water quality monitoring and assessments. Vermont uses these funds to support statewide water quality monitoring and assessments to ensure that the state's surface waters – rivers, streams, lakes, ponds, and wetlands – are safe for public uses and that municipally-operated wastewater control facilities and other dischargers into surface waters operate in a manner that maintains good water quality.

Potential Impacts from Proposed Reductions in Program Budget

The President's budget proposes a 30 percent cut to the Section 106 grant. Assuming no replacement funds are available, this cut in the program budget would result in the reduction in DEC's workforce of at least two FTEs (out of 11 FTEs being supported by this grant or 18 percent). The reduction in staff will compromise DEC's ability to maintain water quality monitoring at current levels, thereby reducing the State's capacity to identify and mitigate public health threats.

Lake Champlain Basin Program

Current Funding

DEC's federal FY2017 Lake Champlain Basin Program (LCBP) application was for $526,000, which represents approximately four percent of DEC's base federal funding of approximately $13 million (excluding federal State Revolving Loan Fund Program). The LCBP funds support two FTEs and the long-term monitoring program in Lake Champlain. These monitoring data are used to identify public health risks and to track progress in implementing the Lake Champlain restoration plan, referred to as the Lake Champlain Phosphorus TMDL. The LCBP also routinely issues grant and contract opportunities to support the implementation of the Lake Champlain Phosphorus TMDL and to complement DEC's water quality programs throughout the watershed.

Potential Impacts from Proposed Reductions in Program Budget

The President's Budget proposes to eliminate the Lake Champlain Basin Program. Assuming no replacement funds are available, the elimination of this program will result in a reduction in workforce of two FTEs at DEC, including: (a) elimination of DEC's technical lake expertise for Lake Champlain restoration efforts under the TMDL and elimination of DEC's capacity to monitor, conduct public outreach and provide technical assistance concerning cyanobacteria (blue-green algae) blooms (one FTE), and (b) the elimination of multi-agency coordination and public outreach associated with the restoration of Lake Champlain (one FTE). The elimination of funding for the Lake Champlain Basin Program will also halt Vermont's Lake Champlain long-term water quality monitoring program, which will hinder Vermont's ability to track progress in the restoration of Lake Champlain.

Clean Water State Revolving Fund (CWSRF)

Current Funding

The CWSRF is a federal-state partnership to provide municipalities access to low-cost financing for water quality infrastructure projects.

Potential Impacts from Proposed Reductions in Program Budget

The proposed budget nearly level-funds the CWSRF compared to the previous year, with a slight increase of $4 million nationally. In 2016, the capitalization grant was $6.525M and this year will be slightly less at $6.474M. This will result in no changes to the administration of Vermont's CWSRF program.

USDA Rural Development Program (USDA-RD)

Current Funding

The USDA-RD program focuses on helping rural communities grow economically by offering access to low-cost financing to support water and wastewater services.

Potential Impacts from Proposed Reductions in Program Budget

The President's Budget proposes to reduce USDA-RD's budget by $498 million, based on the rationale that "it duplicates the Environmental Protection Agency's (EPA) State Revolving funds (SRFs)." This reduction does not present an impact to ANR workforce. However, the SRF program funding levels do not adequately meet the need for low-cost financing to help replace aging infrastructure and wastewater treatment upgrades that are necessary to meet health and safety concerns. The USDA-RD program helps Vermont's rural communities address these concerns. For example, in 2016, USDA Rural Development provided over $18 million in financing to Vermont communities for water and environmental projects.

Vermont Agency of Transportation (VTrans)

Transportation Alternatives Program

Current Funding

In FY2018, VTrans will receive $2.2 million for the Transportation Alternatives Program – a federally funded program established through MAP-21 and signed into law in July 2012. MAP-21's replacement, the FAST ACT, continues funding for this program to support a variety of project types, including "any environmental mitigation activity, including pollution prevention and pollution abatement activities and mitigation to: (i) address stormwater management, control, and water pollution prevention or abatement related to highway construction or due to highway runoff." Per Act 38 of 2017, the full amount of Transportation Alternatives funds received in SFY2018-2019 will be used for the environmental mitigation activities, described above. Awards result in reimbursement grants that require 20 percent in matching funds from the grantee. The $2.2 million of Transportation Alternatives funds ($4.4 million over two years) must be granted out to eligible entities and cannot be used to support VTrans operating costs.

Potential Impacts from Proposed Reductions in Program Budget

VTrans does not anticipate any impacts to this program's funding levels.

Federal Highway Administration (FHWA) Surface Transportation Block Grant (STBG)

Current Funding

VTrans receives a set amount of STBG funds each federal fiscal year from FHWA. These funds are used for a variety of purposes, such as paving roads, rehabilitating or repairing bridges and improving infrastructure in downtowns. There is flexibility to use some of these funds for the activities described above in the Transportation Alternatives Program section, but at the expense of the other types of projects that VTrans funds. The funds can be expended as stand-alone projects or can be used to make these types of improvements as a component of other types of projects, which VTrans has routinely done.

Potential Impacts from Proposed Reductions in Program Budget

VTrans does not anticipate any impacts to this program's funding levels.

Summary of Federal Funding Related to Water Quality Improvements in Vermont

Agency	Program	Total Reduction %	Reduction in FTE	Total Reduction in FTE by Agency
VAAFM	EPA Clean Water Act Section 319	100% Reduction	2.4 FTEs	
VAAFM	SUDA NRCS SWAT Program	100% Reduction	1 FTE	
VAAFM	TOTAL			3.4 FTE
DEC	EPA Clean Water Act Section 319	100% Reduction	11 FTEs	
DEC	EPA Section 106	30% Reduction	2 FTEs	
DEC	EPA Lake Champlain Basin Program	100% Reduction	2 FTEs	
DEC	EPA Clean Water State Revolving Fund	No Reduction		
DEC	TOTAL			15 FTEs
VT USDA	USDA Rural Development	100% Reduction	N/A	--
VTrans	Federal Highway Administration Transportation Alternatives	No Reduction	No Reduction	
VTrans	Federal Highway Administration Surface transportation Block Grant	No Reduction	No Reduction	
VTrans	TOTAL			0 FTE
TOTAL Reduction in Force				**18.4 FTEs**

H.

1 BALDWIN STREET,
MONTPELIER, VT 05633-5701

PHONE: (802) 828-2295
FAX: (802) 828-2483

STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee members
From: Daniel Dickerson, Fiscal Analyst DWD
Date: September 8, 2017
Subject: Limited-Service Position Request #2888

Enclosed please find one (1) item, which the Joint Fiscal Office has received from the administration.

JFO #2888 – One (1) limited-service position within the Attorney General's office. The position would both be titled Medicaid Fiscal and Regulatory Analyst and would be tasked with working with team members within the Medicaid Fraud and Residential Abuse Unit (MFRAU) to develop and carry out investigations into potential Medicaid fraud. The AG's office is seeking this additional position to maintain timely investigations in light of the recent Medicaid expansion under the Affordable Care Act and passage of the Vermont False Claims Act. The position would be funded through an ongoing federal grant at a split of 75% federal dollars and 25% state dollars. The state dollars would be provided from penalties recovered by the MFRAU and deposited in a special fund. The AG's office does not anticipate that any additional state dollars would be needed for the position.
[JFO received 9/1/17]

Please review the enclosed materials and notify the Joint Fiscal Office (Daniel Dickerson at (802) 828-2472; ddickerson@leg.state.vt.us) if you have questions or would like an item held for legislative review. Unless we hear from you to the contrary by September 22, 2017 we will assume that you agree to consider as final the Governor's acceptance of these requests.

JFO 2888

RECEIVED
SEP 01 2017
JOINT FISCAL OFFICE

STATE OF VERMONT
Joint Fiscal Committee Review
Limited Service - Grant Funded
Position Request Form

This form is to be used by agencies and departments when additional grant funded positions are being requested. Review and approval by the Department of Human Resources must be obtained prior to review by the Department of Finance and Management. The Department of Finance will forward requests to the Joint Fiscal Office for JFC review. A Request for Classification Review Form (RFR) and an updated organizational chart showing to whom the new position(s) would report must be attached to this form. Please attach additional pages as necessary to provide enough detail.

Agency/Department: Office of the Attorney General Date: 6/27/17

Name and Phone (of the person completing this request): Jason Turner 802-828-5332

Request is for:
☐ Positions funded and attached to a new grant.
☑ Positions funded and attached to an existing grant approved by JFO # 2230

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):

   United States Department of Health & Human Services, Office of Inspector General, State Medicaid Fraud Control Unit, Annually (Federal Fiscal Year) renewing grant based on budget submitted to OIG in advance of each fiscal year, Grant is funded in quarterly payments which are drawn down.

2. List below titles, number of positions in each title, program area, and limited service end date (information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

Title* of Position(s) Requested	# of Positions	Division/Program	Grant Funding Period/Anticipated End Date
Medicaid Fiscal & Regulatory Analyst	1	AGO/MFRAU	10/1/17-9/30/18/ Expected to continue indefinitely if grant is renewed.

*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:

   The OIG State Medicaid Fraud Control Unit Grant requires the Unit Director to certify each year that the number of staff employed by the Unit are sufficient to meet the federally mandated mission and objectives. Due to the effects of Medicaid expansion under the Affordable Care Act, and the passage of the Vermont False Claims Act, the Unit needs an additional analyst position to appropriately review potential cases of fraud in compliance with the Grant.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec. 5(b).

Signature of Agency or Department Head — Date: 7/27/17

Molly Paulger
Approved/Denied by Department of Human Resources — Date: 8/7/17

Approved/Denied by Finance and Management — Date: 28 Aug 17

Approved/Denied by Secretary of Administration — Date: 8/30/17

Comments:

DHR – 11/7/05

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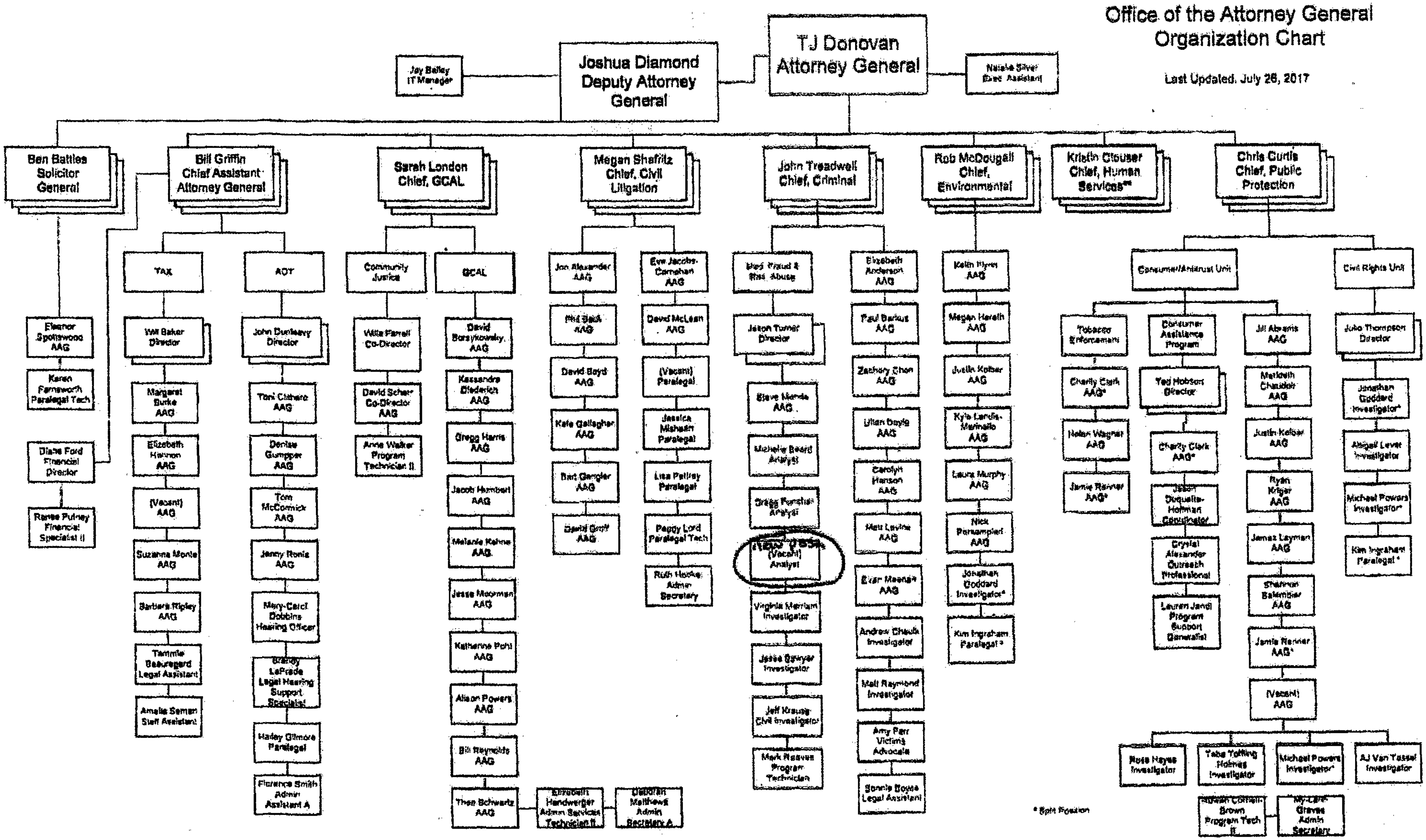
Office of the Attorney General Organization Chart

Last Updated, July 26, 2017



Request for Classification Review
Position Description Form A

For Department of Personnel Use Only

Date Received (Stamp)

Notice of Action #____________________

Action Taken: ________________________________

New Job Title ________________________________

Current Class Code __________ New Class Code __________

Current Pay Grade __________ New Pay Grade __________

Current Mgt Level____ B/U ____ OT Cat. ____EEO Cat. ____FLSA ____

New Mgt Level _____ B/U ____OT Cat. ____EEO Cat. ____FLSA ____

Classification Analyst____________________Date __________ Effective Date: __________

Comments:

Date Processed: __________

Willis Rating/Components: Knowledge & Skills: _____ Mental Demands: _____ Accountability: _____
Working Conditions: _____ Total: _____

Incumbent information:

Employee Name: ☐ Employee Number: ☐

Position Number: ☐ Current Job/Class Title: ☐

Agency/Department/Unit: ☐ Work Station: ☐ Zip Code: ☐

Supervisor's Name, Title, and Phone Number: ☐

How should the notification to the employee be sent: ☐ employee's work location ☐ or ☐ other address, please provide mailing address: ☐

New Position/Vacant Position Information:

New Position Authorization: ☐ Request Job/Class Title: Medicaid Regulatory and Fiscal Analyst

Position Type: ☐ Permanent or ☒ Limited / Funding Source: ☐ Core, ☐ Partnership, or ☐ Sponsored

Vacant Position Number: ☐ Current Job/Class Title: ☐

Agency/Department/Unit: AGO Work Station: Montpelier Zip Code: 05609

Supervisor's Name, Title and Phone Number: Jason Turner, MFRAU Director, 828-5332

Type of Request:

☒ **Management:** A management request to review the classification of an existing position, class, or create a new job class.

☐ **Employee:** An employee's request to review the classification of his/her current position.

1. Job Duties

This is the ***most critical*** part of the form. Describe the activities and duties required in your job, **noting changes (new duties, duties no longer required, etc.) since the last review.** Place them in order of importance, beginning with the single most important activity or responsibility required in your job. The importance of the duties and expected end results should be clear, including the tolerance that may be permitted for error. Describe each job duty or activity as follows:

- **What it is:** The nature of the activity.
- **How you do it:** The steps you go through to perform the activity. Be specific so the reader can understand the steps.
- **Why it is done:** What you are attempting to accomplish and the end result of the activity.

For example a Tax Examiner might respond as follows: **(What)** *Audits tax returns and/or taxpayer records.* **(How)** *By developing investigation strategy; reviewing materials submitted; when appropriate interviewing people, other than the taxpayer, who have information about the taxpayer's business or residency.* **(Why)** *To determine actual tax liabilities.*

Under supervision by the Director and/or the Assistant Attorney General assigned to a particular case, the Medicaid Fraud & Residential Abuse Unit's (MFRAU) Medicaid Regulatory and Fiscal Analysts are responsible for working with other team members to develop and carry out investigative plans for assigned cases. The Analyst's specific case activities may include using Medicaid MMIS, Business Objects, DSS Profiler, and other analytical tools to examine claims data in order to determine the extent and pattern of alleged fraud, reviewing and summarizing relevant documents and records (e.g., timesheets), preparing analytical charts and exhibits, helping to prepare for and, when safe and appropriate, conduct witness interviews, and testifying at depositions and/or court hearings. Analyst's must be able to reduce large volumes of data to a format that is undertandable by team members, witnesses, judges, or jury members, who do not have the same specialized training as the Analyst. The Analyst will have to use Microsoft Excel extensively in compiling, analyzing, and presenting data. Analysts will also be required to review and understand numerous rules and regulations related to specific parts of the Medicaid Program and apply those rules and regulations to the data that they gather. Analyst may also be required to understand medical coding, and various aspects of medical billing. In addition, Analysts will gather large data requests for multi-state litigations and provide that information to NAMFCU Global Case teams. All of these tasks are focused on determining whether Medicaid providers have committed fraud, submitted false claims, received an overpayment, or abused or neglected vulnerable adults. The work product created by the Analyst, and their opinions, will be used to help determine if criminal charges should be filed, civil enforcement actions undertaken, and to assist in the preparation and presentation of such cases.

2. Key Contacts

This question deals with the personal contacts and interactions that occur in this job. Provide brief typical examples indicating your primary contacts (not an exhaustive or all-inclusive list of contacts) other than those persons to whom you report or who report to you. If you work as part of a team, or if your primary contacts are with other agencies or groups outside State government describe those interactions, and what your role is. For example: you may *collaborate, monitor, guide, or facilitate change*.

MFRAU Investigators- The Medicaid Regulatory and Fiscal Analyst will work with criminal or civil investigators from MFRAU in each of investigations that they handle. These interactions are specific to each case, but are primarily related to planning and explaining analyses of claims data, medical documents, billing documents, or other data necessary for

an investigation. The Analyst may also provide subject matter expertise to the investigator in determining an investigation plan for a particular case.

DVHA PI Staff- The Medicaid Regulatory and Fiscal Analyst will be a primary point of contact between MFRAU and DVHA PI Auditors who refer investigations to MFRAU. The Analyst will work with the DVHA-PI staff to understand the claims analysis and investigation done by DVHA-PI and to coordinate additional collaboration between the teams.

Assistant Attorney Generals- The Medicaid Regulatory and Fiscal Analyst will assist the AAG in preparing parts of a criminal prosecution or civil enforcement case for filing in Court, or prosecution of the case. The Analyst will also assist the AAG in effectively using data gathered in the case to make proper decisions on how to proceed with a case or presenting a case.

3. Are there licensing, registration, or certification requirements; or special or unusual skills necessary to perform this job?

Include any special licenses, registrations, certifications, skills; (such as counseling, engineering, computer programming, graphic design, strategic planning, keyboarding) including skills with specific equipment, tools, technology, etc. (such as mainframe computers, power tools, trucks, road equipment, specific software packages). Be specific, if you must be able to drive a commercial vehicle, or must know Visual Basic, indicate so.

The Medicaid Regulatory and Fiscal Analyst must be familiar with the use of Microsoft Excel, Medicaid Management Information System (MMIS), Business Objects, and other database software. The Analyst must also have a familiarity with healthcare billing and terminology. The position also requires considerable knowledge of federal and state Medicaid law, rules, and regulations.

4. Do you supervise?

In this question "supervise" means if you direct the work of others where you are held **directly** responsible for assigning work; performance ratings; training; reward and discipline or effectively recommend such action; and other personnel matters. List the names, titles, and position numbers of the classified employees reporting to you:

This position does not supervise any other employees.

5. In what way does your supervisor provide you with work assignments and review your work?

This question deals with how you are supervised. Explain how you receive work assignments, how priorities are determined, and how your work is reviewed. There are a wide variety of ways a job can be supervised, so there may not be just one answer to this question. For example, some aspects of your work may be reviewed on a regular basis and in others you may operate within general guidelines with much independence in determining how you accomplish tasks.

The Medicaid Regulatory and Fiscal Analyst is assigned specific cases for investigation by the MFRAU Director. Once a case is assigned the Analyst is expected to work collaboratively with the supervising attorney and investigator assigned to the case to determine the investigative plan. While the MFRAU Director will determine which cases are to be prioritized, the Analyst is responsible for setting the priority for individual tasks that are required to complete an analysis and support the investigation team.

The supervising attorney or investigator will review the analyses with the Analyst and determine if additional steps are necessary before deciding whether to pursue an enforcement action. The supervising attorney will also review all subpoenas and civil investigative demands before they are issued.

The MFRAU director will review the Analyst's work performance on a regular basis and complete an annual evaluation

6. Mental Effort

This section addresses the mental demands associated with this job. Describe the most mentally challenging part of your job or the most difficult typical problems you are expected to solve. Be sure to give a specific response and describe the situation(s) by example.

- For example, a purchasing clerk might respond: *In pricing purchase orders, I frequently must find the cost of materials not listed in the pricing guides. This involves locating vendors or other sources of pricing information for a great variety of materials.*
- Or, a systems developer might say: *Understanding the ways in which a database or program will be used, and what the users must accomplish and then developing a system to meet their needs, often with limited time and resources.*

The most significant mental demands associated with this job are determining how to design an analysis to expose a complex fraudulent scheme in an area of often confusing and difficult regulation; and staying up-to-date and informed on those regulations. As part of an analysis the Analyst will have to be able to interpret data to develop new strategies and explain their results to an investigative team. As part of that team, the Analyst will have to weigh the evidence and make recommendations to the supervising attorney whether to pursue enforcement in cases that are rarely clear cut. Numerous difficult decision are encountered in these tasks as described below:

The Analyst must consider the capabilities of the Medicaid MMIS system and decide within those capabilities how to construct queries and analyses that will efficiently and effectively demonstrate or disprove a fraud allegation. This will include understanding the data that is available, what each data point means, the rules and regulations governing the claims, and how to compare the data to rules and normalized standards. The analysis can be vital in the determination of whether a case proceeds further towards witness interviews or other investigator steps. Following the analysis, the Analyst will have to assist in the investigative team in determining which documents are evidence are likely to have the most importance to the investigation, and how to best review and process those documents and evidence. Each of these decisions requires the Analyst to make value judgments, draw on previous experience and training, and be able to explain complex concepts and data in a manner that is understandable to investigators and attorneys who may not have the specialized training that the Analyst possesses. In order to make any of these decisions the Analyst must first understand the scope and nature of the rules and regulations that are impacted by an assigned case. Reaching this understanding often requires extensive research, potential discussions with subject matter experts at DVHA, and reliance on training and experience to interpret the rules and regulations.

7. Accountability

This section evaluates the job's expected results. In weighing the importance of results, consideration should be given to responsibility for the safety and well-being of people, protection of confidential information and protection of resources.

What is needed here is information not already presented about the job's scope of responsibility. What is the job's most significant influence upon the organization, or in what way does the job contribute to the organization's mission?

Provide annualized dollar figures if it makes sense to do so, explaining what the amount(s) represent.

For example:

- A social worker might respond: *To promote permanence for children through coordination and delivery of services;*
- A financial officer might state: *Overseeing preparation and ongoing management of division budget: $2M Operating/Personal Services, $1.5M Federal Grants.*

The Medicaid Regulatory and Fiscal Analyst must ensure that the analyses they complete are done thoroughly and correctly or there is a real risk that enforcement actions will not be successful in recovering the funds wrongfully taken from the Medicaid program. Analysts routinely work on cases involving the expenditure of millions of dollars in state and federal funds. In any given year, an Analyst's work could be responsible for the recovery of up to $5 million. In abuse and neglect cases there are real risks that failure to conduct a proper investigation can result in ongoing risks to other vulnerable adults if the provider's conduct is not corrected.

The Analyst will be in possession and responsible for reviewing large amounts of confidential documents and information. As a Health Oversight Agency, MFRAU obtains large quantities of HIPAA protected information in its investigations. In some cases MFRAU has information related to DCF or APS investigations that is confidential pursuant to State statutes. The Analyst is expected to make proper use of this information without making improper, unnecessary, or inadvertent disclosure fo the confidential information.

The Analyst also will have significant duties with regard to the investigation of sealed cases under the Vermont False Claims Act. In such cases the existence of the case, and the identity of the whistleblower are made confidential by federal or state court order. The Analyst must be able to maintain this confidentiality while pursuing an investigation that can meaningfully inform the AAGs and AUSAs assigned to the case as to the proper handling of the case.

8. Working Conditions

The intent of this question is to describe any adverse conditions that are routine and expected in your job. It is not to identify special situations such as overcrowded conditions or understaffing.

a) What significant mental stress are you exposed to? All jobs contain some amount of stress. If your job stands out as having a significant degree of mental or emotional pressure or tension associated with it, this should be described.

Type	How Much of the Time?
The Medicaid Regulatory and Fiscal Analyst must complete work that has significant fiscal impacts for the State (up to millions of dollars in a single case) and can impact the life and liberty of individuals being investigated. The gravity of these issues which are decided with substantial input from the Analyst creates signficant emotional and mental pressure.	The Analyst will be engaged in such investigatory efforts for approximately 80% of work time.

The Medicaid Regulatory and Fiscal Analyst may be asked to work in the field on certain investigations. MFRAU covers the entire State of Vermont and the Analyst must travel to locations where witnesses or perpetrators are located for these investigations. In order to locate witnesses or perpetrators in settings where obtaining statements is more likely to occur, travel may be necessary outside of normal business hours	The Analyst may be asked to participate in field work up to 10% of work time.

b) What hazards, special conditions or discomfort are you exposed to? (Clarification of terms: **hazards** include such things as potential accidents, illness, chronic health conditions or other harm. Typical examples might involve exposure to dangerous persons, including potentially violent customers and clients, fumes, toxic waste, contaminated materials, vehicle accident, disease, cuts, falls, etc.; and **discomfort** includes exposure to such things as cold, dirt, dust, rain or snow, heat, etc.)

Type	**How Much of the Time?**
Potential Accidents- Working in the field increases the risk of accidental injury. The Medicaid Regulatory and Fiscal Analyst may be in a motor vehicle for investigatory purposes for up to 5,000 miles per year. This time on the roads and highways increases their exposure to injuries from motor vehicle accidents.	The Analyst may be asked to participate in field work up to 10% of work time

c) What weights do you lift; how much do they weigh and how much time per day/week do you spend lifting?

Type	**How Heavy?**	**How Much of the Time?**
Evidence Boxes	40#	Monthly

d) What working positions (sitting, standing, bending, reaching) or types of effort (hiking, walking, driving) are required?

Type	**How Much of the Time?**
Sitting/Standing	Daily
Driving	2-3 days/month

Additional Information:

Carefully review your job description responses so far. If there is anything that you feel is important in understanding your job that you haven't clearly described, use this space for that purpose. Perhaps your job has some unique aspects or characteristics that weren't brought out by your answers to the previous questions. In this space, add any additional comments that you feel will add to a clear understanding of the requirements of your job.

MFRAU currently has two Medicaid Regulatory and Fiscal Analysts. To the extent that this

RFR differs in any material manner from the classification for those employees, such difference is unintended.

Employee's Signature **(required)**:________________________________Date:__________

Supervisor's Section:

Carefully review this completed job description, but **do not** alter or eliminate any portion of the original response. Please answer the questions listed below.

1. What do you consider the most important duties of this job and why?

   This was a supervisor completed RFR. See above.

2. What do you consider the most important knowledge, skills, and abilities of an employee in this job (not necessarily the qualifications of the present employee) and why?

   This was a supervisor completed RFR. See above.

3. Comment on the accuracy and completeness of the responses by the employee. List below any missing items and/or differences where appropriate.

   N/A. This was a supervisor completed RFR.

4. Suggested Title and/or Pay Grade:

   Title: Medicaid Regulatory and Fiscal Analyst Pay Grade: 24

Supervisor's Signature **(required)**: ______ Date: 7/26/17

Personnel Administrator's Section:

Please complete any missing information on the front page of this form before submitting it for review.

Are there other changes to this position, for example: Change of supervisor, GUC, work station?

☐ Yes ☐ No If yes, please provide detailed information.

Attachments:

☐ Organizational charts are **required** and must indicate where the position reports.

☐ Draft job specification is **required** for proposed new job classes.

Will this change affect other positions within the organization? If so, describe how, (for example, have duties been shifted within the unit requiring review of other positions; or are there other issues relevant to the classification review process).

Suggested Title and/or Pay Grade:

Personnel Administrator's Signature **(required)**: Jane Modica Date: 8/2/17

Appointing Authority's Section:

Please review this completed job description but do not alter or eliminate any of the entries. Add any clarifying information and/or additional comments (if necessary) in the space below.

Suggested Title and/or Pay Grade:

Deputy Attorney General

Appointing Authority or Authorized Representative Signature **(required)**

Date 7-27-17

Turner, Jason

From:	Crowley, Alexis L (OIG/OMP) <Alexis.Crowley@oig.hhs.gov>
Sent:	Tuesday, August 01, 2017 1:40 PM
To:	Punchar, Gregg
Cc:	Turner, Jason
Subject:	FY18 MFCU application review

Hi Gregg,

I am completed the administrative review of the FY18 MFCU application and do not have any questions or concerns. I did want to provide an FYI that the insurance and HR liaison costs in the OTHER category, if allocated to the MFCU, need to have their allocation methodology documented and available if asked for.

Please anticipate a notice of award around Oct 1.

Thank you,

Alexis Crowley
Grants Management Officer
HHS/OIG
202-302-6900

Grant/Document:	1701VT5050
Subaccount:	MFCU17
Period of Performance:	10/1/2016 through 9/30/2017
CFDA:	93.775
Program Title:	State Medicare Fraud Control Unit

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

Notice of Grant Award

Award Authority: Section 1902(a)(61), 1903(a)(6), 1903(b)(3) and 1903(q) of the Social Security Act

Financial Information

CAN:	D9917DJ
Appropriation:	75X0512
Object Class:	41501
EIN:	036000264B2
DUNS:	809550338
Program Income:	Deduction

Grantee Information

State of Vermont
Vermont Attorney General
Criminal Division- Medicaid Fraud Control Unit
109 State Street Pavilion Building, Montpelier, VT, 05609

Director: Jason Turner

Award Information

Total Approved Budget.... $1,168,700
75% Federal Share $876,524
25% Non-Federal Share.... $292,176

Indirect rate... 12.60%

Federal Award Description
Medicaid Fraud Control Units (MFCU) investigate and prosecute Medicaid fraud as well as patient abuse and neglect in health care facilities.

Federal funding will be obligated in quarterly amounts on the following schedule:

1st Quarter, on October 1, 2016	$219,131
2nd Quarter, on January 1, 2017	$219,131
3rd Quarter, on April 1, 2017	$219,131
4th Quarter, on July 1, 2017	$219,131

Matching requirement at end of grant period is 25% of Total Net Expenditures.

Is this award R&D? No

Remarks:
General Terms and Conditions for this award are hereby included by reference and can be found here.

Subaccount
A Public Assistance (P) Account in the Division of Payment Management's (DPM) Payment Management System (PMS) has been created to provide separate accounting of federal funds per each document number. The subaccount code for this grant award is MFCU17.

Financial Reporting
The SF-425 due dates for the grant period of this award are as follows:
- The first quarter report covers the period beginning 10/1/2016 and ending 12/31/2016 and is due by 1/30/2017.
- The second quarter report covers the period beginning 10/1/2016 and ending 3/31/2017 and is due by 4/30/2017.
- The third quarter report covers the period beginning 10/1/2016 and ending 6/30/2017 and is due by 7/30/2017.
- The fourth quarter report covers the period beginning 10/1/2016 and ending 9/30/2017 and is due by 10/30/2017.
- The final report is due by 12/29/2017.

Authorizing Officials and Contacts

Veronica Trevino, Budget Officer — Date OCT - 1 2016

Alexis Crowley, Grants Management Officer — Date OCT - 1 2016
Alexis.Crowley@oig.hhs.gov, 202-708-9710

Frantzy Clement, Program Analyst
Frantzy.Clement@oig.hhs.gov, 202-708-9893

OMB Number: 4040-0004
Expiration Date: 01/31/2009

Application for Federal Assistance SF-424 Version 02

16. Congressional Districts Of:

* a. Applicant

* b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date: 10/01/2017

* b. End Date: 09/30/2018

18. Estimated Funding ($):

* a. Federal	942390
* b. Applicant	
* c. State	314130
* d. Local	
* e. Other	
* f. Program Income	
* g. TOTAL	1256520

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

☐ a. This application was made available to the State under the Executive Order 12372 Process for review on

☑ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☐ c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

☐ Yes ☑ No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

☑ ** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: Mr. * First Name: Joshua

Middle Name:

* Last Name: Diamond

Suffix:

* Title: Deputy Attorney General

* Telephone Number: 802-828-3689 Fax Number:

* Email: joshua.diamond@vermont.gov

* Signature of Authorized Representative: * Date Signed: 6/30/17

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Standard Form 424 (Revised 10/2005)
Prescribed by OMB Circular A-102

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 0348-0044

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. State MFCU	93.775	$	$	$ 942,390.00	$ 314,130.00	$ 1,256,520.00
2.						0.00
3.						0.00
4.						0.00
5. Totals		$ 0.00	$ 0.00	$ 942,390.00	$ 314,130.00	$ 1,256,520.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total
	(1)	(2)	(3)		(5)
a. Personnel	$	$	$ 488,130.00	$ 162,710.00	$ 650,840.00
b. Fringe Benefits			235,061.00	78,354.00	313,415.00
c. Travel			13,695.00	4,565.00	18,260.00
d. Equipment			0.00	0.00	0.00
e. Supplies			6,488.00	2,162.00	8,650.00
f. Contractual			3,938.00	1,312.00	5,250.00
g. Construction			0.00	0.00	0.00
h. Other			89,625.00	29,875.00	119,500.00
i. Total Direct Charges *(sum of 6a-6h)*	0.00	0.00	836,937.00	278,978.00	1,115,915.00
j. Indirect Charges			105,454.00	35,151.00	140,605.00
k. TOTALS *(sum of 6i and 6j)*	$ 0.00	$ 0.00	$ 942,391.00	$ 314,129.00	$ 1,256,520.00
7. Program Income	$	$	$	$	$ 0.00

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MFCU- VERMONT
FY 2018
October 1, 2017- September 30, 2018

A. Personnel
Vacancies must have an estimated hire date and amount requested should be prorated to when you believe the vacancy will be filled this year.

Total Personnel	**$650,840**
Total Federal	**$488,130**
Total Non-Federal	**$162,709**

Position Title	Name	Salary	Hire Date	F/T or P/T
Director	Jason Turner	$82,550	Oct-14	F/T
Attorney	Steven Monde	$74,673	Jan-11	F/T
Criminal Investigator	Virginia Merriam	$74,949	Jul-03	F/T
Criminal Investigator	Jesse Sawyer	$63,536	Dec-16	F/T
Civil Investigator	Jefferson Krauss	$74,090	Nov-12	F/T
Analyst	Gregg Punchar	$72,847	Mar-11	F/T
Analyst	Michelle Beard	$64,885	Nov-13	F/T
Program Technician	Mark Reaves	$56,456	Dec-08	F/T
Attorney	Vacant	$33,603	TBD - Mar '18	F/T
Analyst	Vacant	$53,251	TBD - Oct '17	F/T
Total Positions	**10**	**$650,840**		

SPECIFICATIONS

Back to Job Specifications List

MEDICAID REGULATORY AND FISCAL ANALYST

Job Code: 620200

Pay Plan: Classified

Pay Grade: 24

Occupational Category: Administrative Services, HR & Fiscal Operations

Effective Date: 07/16/2013

Class Definition:

Complex investigative, analytical and consultative work at a professional level for the Office of the Attorney General involving matters of provider fraud, waste, and abuse of the Vermont Medicaid Program and matters of abuse and exploitation of Medicaid consumers in residential facilities. Duties are in the area of conducting and directing examinations of data and financial analysis, identifying utilization patterns and procedural deficiencies, performing peer comparisons, and the continued assessment of rules and regulations to ensure program integrity. Investigations often lead to criminal, civil, and/or administrative action. Extensive knowledge and examination of federal and state statutes and regulations regarding health care services and delivery systems is essential as is the extensive knowledge and interpretation of medical claims billing and processing policies and practices. Duties are performed under the direction of the Medicaid Fraud and Residential Abuse Director of the Criminal Division of the Office the Attorney General, and involve frequent interaction with medical service providers, state agency directors and program managers, and state and federal law enforcement and oversight officials.

Examples of Work:

Works as part of a team responsible to protect the fiscal integrity of the Vermont Medicaid Program and to ensure the safety and proper care of vulnerable adults and consumers of the Medicaid program. Examines and provides analysis of referrals from multiple agencies and other sources where service delivery or utilization patterns are questionable and where issues of abuse, neglect or exploitation of vulnerable consumers have been alleged. Investigates potential fraud cases and communicates findings, applicable law and policies, and recommendations to Unit Director, Attorneys, and Investigators. Analyzes claims and medical expenditures for the Medicaid program. Facilitates investigation remedies through criminal, civil, and/or administrative action. Conducts program evaluations to identify program errors and assist in the development and implementation of procedures to avoid future fraud, waste, and abuse. Collaborates with the Office of Vermont Health Access, other operational units, and other law enforcement agencies to carry out investigations. Applies proper use and security of personal health and program administration information. Provides data and analyses for budget preparation and forecasting. Performs related duties as required.

Environmental Factors: Duties are performed primarily in a standard office setting. Infrequent travel may be required, for which private means of transportation must be available. Work outside of normal office hours may be required.

Minimum Qualifications

Knowledge, Skills and Abilities:

Considerable understanding of investigative techniques and procedures.

Ability to interview parties and the public tactfully and effectively.

Ability to evaluate facts, cases, and investigative procedures and make recommendations for appropriate disposition based on findings of investigations.

Considerable knowledge of legal procedures and terminology.

Considerable knowledge of state and federal Medicaid regulations.

Ability to interpret complex statutes and regulations and apply them to specific cases.

Thorough knowledge of financial analysis techniques and trends, particularly as they relate to medical expenditures, statistical reporting, and budget management.

Considerable knowledge of computer applications used for data analysis, including but not limited to the ability to develop database queries and spreadsheets and manipulate and synthesize resulting data into developed trend analyses that can be understood by attorneys, investigators, jurors, and legislators alike.

Ability to organize and maintain voluminous amount of data and evaluate data for meaningful and significant information.

Ability to manage a myriad of priorities and responsibilities, to think clearly and analytically and to employ meticulous attention to detail.

Considerable knowledge of the principles and practices of health program and health insurance operations.

Considerable knowledge of the principles and practices of medical claims billing and claims processing operations.

Ability to communicate complex details and findings in clear and concise written reports and graphic representations.

Ability to establish and maintain effective working relationships.

Education and Experience:

Education: Master's degree or higher in business, finance, health, human services or public administration, law enforcement or a closely related field.

Experience: One year as at a professional level in conducting investigations or in performing financial or statistical data analysis or in a health/health insurance/human services program or organization.

OR

Education: Bachelor's degree in business, finance, health, human services or public administration, law enforcement or a closely related field.
Experience: Three years at a professional level in conducting investigations or in performing financial or statistical data analysis or in a health/health insurance/human services program or organization.

OR

Education: Associate's degree in business, finance, health, human services or public administration, law enforcement or a closely related field

Experience Five years at a professional level in conducting investigations or in performing financial or statistical data analysis or in a health/health insurance/human services program or organization.

OR:

Education: High School diploma or equivalent

Experience Seven years at a professional level in conducting investigations or in performing financial or statistical data analysis or in a health/health insurance/human services program or organization.

OR

Education: Juris Doctorate (JD).

Special Requirements: n/a

II

Vermont Employment Growth Incentive

Report Required by Section A.3 of Act 69 (2017)

Submitted by the Agency of Commerce and Community Development

September 1, 2017

Report Requirement:

Act 69 (S.135 of 2017)

"Sec. A.3. VERMONT EMPLOYMENT GROWTH INCENTIVE; WAGE REPORTING; RECOMMENDATION

On or before January 15, 2018, the Agency of Commerce and Community Development, in collaboration with the Department of Labor, shall submit to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs a report concerning the Vermont Employment Growth Incentive Program specifying means by which the Vermont Economic Progress Council can report aggregate information on the wages and benefits for jobs created through the Program."

Current Data Collection:

The Vermont Employment Growth Incentive (VEGI) program is administered jointly by the Vermont Economic Progress Council (VEPC) and the Vermont Department of Taxes. VEPC has an Executive Director, one staff, and a voting board of eleven appointed by the Governor (9 members), the Speaker of the House (1 member) and the Senate Committee on Committees (1 member). VEPC staff are housed at, and receive administrative support from, the Agency of Commerce and Community Development.

VEPC accepts, processes and considers VEGI applications in accordance with 32 V.S.A. §§ 3330-3336. Approximately 60% of VEPC staff and Council time is spent on VEGI applications. The Department of Taxes, utilizing 100% of the time of one full-time staff person and the equivalent of 10 to 20 percent of another full-time employee in the Taxpayer Services Division, receives and examines annual VEGI claims in accordance with 32 V.S.A. §§ 3337-3339 and approves or denies payment of the incentive installments.

VEGI applications and claims are filed utilizing an online application platform called Intelligrants. The system is firewalled and password protected and provides a business process flow. It allows applicants to efficiently complete and submit VEGI applications and annual claims so that program staff can review and move the documents through the process while capturing critical data. The system uses ***forms*** to capture data that are stored in a program database for query and retrieval. However, for complicated data sets, MS Excel ***workbooks*** are completed by applicants and claimants and uploaded to the system. The data in these MS Excel workbooks do not become part of the program database. Totals from the workbooks are entered on application and claims forms, but not the detail contained in the workbooks. The detail contained in these workbooks is utilized by program staff to check and prove the totals entered by the applicant on the forms.

For the VEGI application, the following data is entered on forms, becomes part of the program database, and can be queried and retrieved:

- Historic and projected payroll;
- Historic and projected headcount;
- Projected capital investments; and
- Benefits currently offered to employees and projected to be offered to new employees (type and percent paid by employer).

For the annual VEGI claim, the following data is entered on forms, becomes part of the program database, and can be queried and retrieved:

- Base payroll amount;
- Base number of qualifying employees;
- Owner payroll;
- Part-time payroll;
- Full-time non-qualifying payroll;
- New number of qualifying employees;
- New qualifying payroll paid;
- New annualized qualifying payroll;
- Capital investments by category;
- Benefits ratio;
- Benefits offered to new qualifying employees (type and percentage paid by employer)

Current Reporting:

Currently, in accordance with 32 V.S.A. §3340, VEPC and the Vermont Department of Taxes file a joint annual report on the program. To view the reports, go to:

http://accd.vermont.gov/economic-development/funding-incentives/vegi

The reports include the following data:

- Actual Economic Impact of the program through the latest claim year
- Application volume through the latest full calendar year
- Application pipeline data
- List of all applications to the program, including status
- Projected economic activity, including number of jobs, amount of new qualifying payroll, and capital investments and projected program impact including all jobs and net revenue benefit
- Program and LMA Enhancement cap data
- Detail on application status including terminations and rescissions
- Projected wages and benefits
- Claim activity
- Projected ***and*** actual employment, payroll creation, capital investments, and revenue benefit to the state, by year, in chart and graph formats
- Graphic presentation of the following ***projected*** data:
    - Wage levels
    - Job types
    - Percent of health care benefit paid by employer
    - Size of business at time of application
    - Type of economic development project
    - Type of facility expansion
    - Population and income by County
    - Incentive distribution by County, by number of applications
    - Incentive distribution by County, by dollar amount
    - Job creation by County

Discussion of Options:

Benefits Data:

Using the data collected on the benefits form, which is currently one of the VEGI Annual Claim forms completed during the VEGI claim process, VEPC or Tax staff can query and aggregate the actual benefits information and include a summary in the VEGI Annual Report. The summary would look like the following chart, which is based on 2015 claims, and could be included in the VEGI annual report:

EMPLOYEE BENEFITS OFFERED TO NEW QUALIFYING JOBS CREATED THROUGH THE VEGI PROGRAM				
CLAIM YEAR:	2015			
TOTAL CLAIMANTS:	26			
AVERAGE BENEFITS RATIO: HOURLY	28%			
	NUMBER OF CLAIMANTS	PERCENT OF CLAIMANTS	PERCENTAGE PAID BY EMPLOYER	
BENEFIT TYPE	OFFERING BENEFIT	OFFERING BENEFIT	RANGE	AVERAGE
Health Care	24	92%	35%-100%	71%
Vision	6	23%	25%-90%	56%
Dental	18	69%	35%-100%	63%
Prescription	2	8%	85%-100%	93%
Life Insurance	18	69%	38%-100%	97%
Short-Term/Long-Term Disability Ins.	17	65%	100%	100%
Accidental Death/Dismemberment Ins.	8	31%	100%	100%
Retirement Contribution	14	54%		
Paid Leave (Vacation, Holiday)	26	100%		
Other Leave (Jury, Bereavement)	5	19%		
Tuition Assistance	10	38%		
Other	4	15%		

Wage Data:

Aggregated wage data is more difficult. The detail required to aggregate all individual jobs is submitted in MSExcel workbooks that are uploaded to the Claim Forms on which the totals from the workbooks are entered by claimants. The detailed data is used by Tax Department staff during the claim examination to prove the total, check against the income tax withholding data filed by the company, and check that qualifying jobs are maintained from year to year.

One method to provide an average wage of all new jobs created would be to divide the aggregated new qualifying payroll amount by the aggregated number of new qualifying jobs created. The payroll and employee data are already reported in the VEGI Annual Report, so a simple calculation: New Qualifying Payroll/New Qualifying Employees would provide an average wage for the new qualifying jobs created. For example, using the data from the 2017 VEGI Annual Report, the data for 2015 is:

New Qualifying Payroll:	$39,172,270
Divided by Number of New Qualifying Employees:	773
Equals =	$ 50,682

The average wage for the new qualifying jobs created in 2015 was $50,682.

A line can be added to the Projected and Actual Activity data chart in the Annual Report showing both the projected average wage and actual average wage based on the data that is already aggregated and reported. The Projected and Actual Activity Table (Table 6) would be augmented to add the average wage lines (highlighted) as follows:

TABLE 6: PROJECTED AND ACTUAL ACTIVITY - SUMMARY
FOR APPLICATIONS CONSIDERED THROUGH DECEMBER 31, 2016

Claim Activity:	2007	2008	2009	2010	2011	2012	2013	2014	2015
Claims Expected:	7	14	22	28	34	32	34	36	39
Incomplete Claims/Did not file/Closed:	0	4	4	6	6	2	1	3	1
Net Claims Included in Projected and Actual Data:	**7**	**10**	**18**	**22**	**28**	**30**	**33**	**33**	**38**

Projected Activity:	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTALS
New Qualifying Employees:	101	213	64	220	361	548	414	327	278	2526
New Qualifying Payroll:	$ 3,438,000	$ 6,942,837	$ 3,849,800	$ 12,703,748	$ 16,659,450	$ 26,325,908	$ 18,791,423	$ 14,482,251	$ 13,372,683	$ 116,566,100
Average Wage	$ 34,040	$ 32,595	$ 60,153	$ 57,744	$ 46,148	$ 48,040	$ 45,390	$ 44,288	$ 48,103	$ 46,278
New Qualifying Capital Investments:	$ 13,677,077	$ 11,786,270	$ 14,171,000	$ 20,763,000	$ 63,192,599	$ 166,153,840	$ 133,237,344	$ 128,593,320	$ 28,611,664	$ 580,186,114
Est. Incentive Installments to be Paid:	$ 123,712	$ 398,712	$ 497,036	$ 1,031,380	$ 1,590,096	$ 3,016,479	$ 4,137,980	$ 4,573,359	$ 4,625,032	$ 19,993,787
Net Revenue Benefit:	**$ 365,422**	**$ 871,615**	**$ 1,349,256**	**$ 2,122,358**	**$ 3,456,468**	**$ 5,575,627**	**$ 5,034,123**	**$ 3,814,928**	**$ 2,441,259**	**$ 25,031,055**

Actual Activity:	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTALS
New Qualifying Employees:	262	255	265	606	844	806	859	853	773	5523
New Qualifying Payroll:	$ 10,621,976	$ 9,214,052	$ 16,137,468	$ 34,555,726	$ 54,269,760	$ 62,298,865	$ 55,490,232	$ 50,955,135	$ 39,177,270	$ 332,720,484
Average Wage	$ 40,542	$ 36,134	$ 60,896	$ 57,023	$ 64,301	$ 77,294	$ 64,599	$ 59,736	$ 50,682	$ 56,801
New Qualifying Capital Investments:	$ 22,546,350	$ 13,388,586	$ 28,100,875	$ 47,475,449	$ 121,412,913	$ 262,489,273	$ 128,030,075	$ 59,241,141	$ 88,946,890	$ 771,631,552
Incentives Paid to Companies:	$ 208,653	$ 544,110	$ 654,370	$ 1,249,733	$ 1,852,263	$ 2,903,935	$ 3,751,728	$ 4,217,057	$ 3,473,616	$ 18,855,465
Net Revenue Benefit:	$ 947,900	$ 969,800	$ 1,020,000	$ -	$ -	$ -	$ -	$ -	$ -	**$ 2,937,700**

A second, but much more time-consuming method, would be to manually aggregate the detailed employment data contained in the MSExcel workbooks that are uploaded with each claim. The employment workbooks contain the following data for each individual new qualifying employee added each year:

- Position title
- Employee name
- Last four of social security
- Dates of employment
- Number of days employed
- Wages from W2
- Hourly Wage
- Annualized wage
- Days worked ratio
- Hours worked

The Tax Department examiner would have to aggregate the wage data for each company for the year being reported, then aggregate the data from all companies to get the same data that can be obtained through the simple calculation suggested above.

A sample aggregation exercise was performed that indicated that the task to aggregate this data each year would take a minimum of 4-6 hours. That time commitment would increase each year as the number of claims increases. This task would take the Tax Department examiner away from examining annual claims, which is already laborious and time-consuming. To ensure that claims are examined and paid in a timely manner, the Tax Department would likely have to add a temporary examiner for the time of year when claims are filed and annual report data compiled.

The sample aggregation of wages for each individual job resulted in the same average wage result as calculating the average wage using the simplified method suggested above.

Recommendation:

After consultation with the Department of Labor, VEPC, and the Department of Taxes, the Agency of Commerce and Community Development makes the following recommendation:

That VEPC and the Tax Department add a chart of actual benefits offered to new qualifying employees by authorized companies in the annual report showing:

- the benefits offered to new qualifying employees;
- the number of approved companies offering each benefit type listed; and
- the average percent of the benefit premium paid by the employer for benefits with a premium.

These data can be queried and reported from Intelligrants system using the annual claim forms submitted by VEGI claimants.

Further, we recommend that VEPC and the Tax Department add two lines to the Projected and Actual Activity Summary (Table 6) in the VEGI Annual Report. Using the projected data, divide the Projected New Qualifying Payroll by the Projected New Qualifying Employees to show an average wage for each year. Then using the data of actual payroll and jobs, add a line showing the actual average wage by dividing the Actual New Qualifying Payroll by the Actual New Qualifying Employees for each year.

II

VERMONT

Vermont Employment Growth Incentive Program

Annual Report
2017

VEGI Program Impact Summary

ACTUAL ECONOMIC IMPACT TO DATE
(January 1, 2007 - December 31, 2015)

New Qualifying Jobs Created	5523
Total New Jobs (Direct & Indirect)	9162
New Qualifying Payroll Created	$ 332,720,484
Average Wage	$56,801
New Qualifying Capital Investments	$ 771,631,552
Incentives Paid	$ 18,855,465
Estimated Net Revenue Benefit to State	$ 34,684,073

APPLICATION/INCENTIVE VOLUME
(January 1, 2007—December 31, 2016)

	# of Applications	Incentive Value
Total Applications Considered	106	$ 74,930,599
Denied Applications	5	$ 2,198,190
Rescinded Initial Approvals	12	$ 16,392,402
Terminated Incentives	41	$ 16,731,978
Net Incentives Available	48	$ 39,608,029
Incentives Paid to Date		$ 18.855,465

Vermont Statute (32 V.S.A. §3340):

"(a) On or before September 1 of each year, the Vermont Economic Progress Council and the Department of Taxes shall submit a joint report on the incentives authorized in this subchapter to the House Committees on Ways and Means, on Commerce and Economic Development, and on Appropriations, to the Senate Committees on Finance, on Economic Development, Housing and General Affairs, and on Appropriations, and to the Joint Fiscal Committee.
(b) The Council and the Department shall include in the joint report:
(1) the total amount of incentives authorized during the preceding year;
(2) with respect to each business with an approve application:
(A) the date and amount of authorization;
(B) the calendar year or years in which the authorization is expected to be exercised;
(C) whether the authorization is active; and
(D) the date the authorization will expire; and
(3) the following aggregate information:
(A) the number of claims and total incentive payments made in the current and prior claim years;
(B) the number of qualifying jobs; and
(C) the amount of new payroll and capital investments.
(c) The Council and Department shall present data and information in the joint report in a searchable format.
(d) Notwithstanding any provisions of law to the contrary, an incentive awarded pursuant to this subchapter shall be treated as a tax expenditure for purposes of chapter 5 of this title."

The required information may be found in this report in the following tables:

1. The total amount of incentives authorized (Table 2)
2. Date and amount of each authorization (Table 1)
3. Expected years in which the authorization will be exercised (Table 1)
4. Whether the authorization is currently active (Table 1)
5. Date the authorization will expire (Table 1)
6. Aggregate number claims and incentives paid (Table 6)
7. Aggregate jobs, payroll and capital investment (Table 6)

Success Story

Commonwealth Dairy

Jackie Valazquez of Vernon was hired in October of 2013 as a temporary employee. Due to her work ethic, positive attitude and attention to detail, after three months she was promoted to a full time Lab Technician in Quality Assurance. Commonwealth Dairy was authorized for VEGI as a start-up in 2009 and then for a major expansion in 2012.

To read more success stories click here.

In January 2007, the Vermont Employment Growth Incentive (VEGI) program began offering incentives for business recruitment, growth and expansion in Vermont. The VEGI program provides a cash incentive paid from the incremental tax revenues generated to the State by the new economic activity occurring because the incentives were authorized, only after the annual payroll, job and capital investment performance requirements are met and maintained. To be authorized, a company must apply to the Vermont Economic Progress Council (VEPC), a citizen board that must determine:

- Whether the economic activity would not occur or would occur in a significantly different and/or less desirable manner except for the incentive (But For);
- Whether the economic activity will generate more incremental tax revenue for the state than is foregone through the incentive (cost-benefit modeling); and
- Whether the host municipality welcomes the company and project, the proposed activity conforms to applicable town and regional plans, and the company does not operate in a limited, local market.

VEGI incentives are earned over a period of up to five years and paid out over a period of up to nine years. The incentives are earned only if payroll, employment, and capital investment performance requirements are met by the company each year. If the company earns the incentive by meeting performance requirements in a particular year, the incentive earned that year is then paid out in five annual installments, if the new jobs and payroll are maintained. Claims for VEGI incentive installments are examined annually by the Vermont Department of Taxes.

In early 2012, *Good Jobs First*, a national policy resource center for grassroots groups and public officials that promotes corporate and government accountability in economic development, rated Vermont's VEGI program as the best in the United States for enforcement, safeguarding the taxpayer, and ensuring good job creation.

This 2017 annual report on the VEGI program presents information on all applications considered by VEPC through December 2016, the economic activity ***projected*** by the active projects from the start of the program on January 1, 2007 through December 31, 2020, and the actual economic activity that has occurred from January 2007 through December 31, 2015, as reported on claims filed and examined by the Tax Department.

Further information on VEPC and the VEGI program is available at: http://accd.vermont.gov/economic-development/funding-incentives/vegi. Further information on the Department of Taxes is available at: http://tax.vermont.gov/. Statutory information on the program is contained in 32 V.S.A. §§3330-3342.

Success Story

Bariatrix Nutrition Corp

Kris Richards was hired as a Production Supervisor in 2013, responsible for the operation of the line that produces protein shakes and smoothies, including supervision of four Machine Operators. Increases in production allowed Bariatrix to hire additional employees in the Packaging Department, supporting the need for a supervisor. Due to Kris' dedication to building cohesive teams, he was promoted to Operations Supervisor in 2015, now with the oversight of seventeen employees.

To read more success stories click here.

Section 1 of this report provides an overview of the VEGI program's pipeline of activity for the life of the program from inquiries, to pre-application estimates, actual applications, incentives authorized, incentives terminated and the remaining active incentives.

Chart 1 shows the progression of the program pipeline from inquiries to active incentives. The total universe of incentives that ***could*** have been authorized since the beginning of the program totals $133 million (See Table 3 for detail on annual program cap). About half of the companies that inquired about the program proceeded to the next stage and asked for an estimate of incentives (Pre-Application) and half of those actually filed formal applications. Therefore, 113 (27%) of all contacts resulted in an actual application being filed. This represents a relatively high contact to application ratio for an economic development program.

The 113 applications filed and considered by VEPC represent the potential for authorizing incentives totaling $76.2 million, based on the activity projected in those applications. However, about 21% of the applications filed were either denied (4%), withdrawn by the applicant (6%) or rescinded (11%). Rescinded means an Initial Application was filed, but for some reason the company did not file a Final Application (see Table 4 for details) and therefore, no incentives were authorized.

Of the 113 applications filed, 89 (79%) were authorized to earn incentives totaling $56.3 million if performance requirements are met and maintained over a period from 2007 to 2024. Of the 89 projects authorized, 41 (46%) have been terminated (see Table 4 for detail). That leaves 48 (54%) of the authorized applications active with total potential incentives of $39.6 million to be earned between 2007 and 2020. ***Therefore, about half of the incentives the program was authorized to offer were actually approved and about 30% remain active.*** The contact to project percentage of 21% is still fairly high for an economic development program.

Chart 2 illustrates the mix of inquiries, various application statuses, and active incentives by calendar year. One note of interest is the decrease in terminated incentives (blue) as the economic recovery progresses.

Chart 3 tracks projects from all inquiries through active incentives by type of project. The data clearly shows that the primary focus of the program is on Vermont companies (domestic expansions and start-ups) versus recruitment. Vermont companies represent 65% of all inquiries versus 33% of recruitment relocation or expansion situations. Of the active incentives, Vermont companies and start-ups represent 85% versus 10% recruitment.

Chart 4 tracks projects from all inquiries through active incentives by potential location (county) of the project, including inquires/applications which could not yet identify a specific location. The data shows that interest in project location is spread throughout the state.

Chart 5 illustrates inquiry origin by US Domestic (57%) and foreign (64%) and then further breaks out US domestic origin by US state and foreign origin by Canada and other. It is not surprising that the majority (37%) of the foreign inquiries originate in Canada, primarily Quebec. Also, it is not surprising that the majority of the projects originating from other US states come from neighboring Massachusetts, New York, and New Hampshire.

QUICK DATA FACT #1

HOW MUCH ESTIMATED NET TAX REVENUE HAS THE VEGI PROGRAM GENERATED FOR VERMONT TO DATE?

$ 34,684,073

(Estimated for 2007–2015, After Cost of Incentives Paid)

Chart 1: Application Pipeline Data From all Inquiries to Active Projects January 2007– June 2017

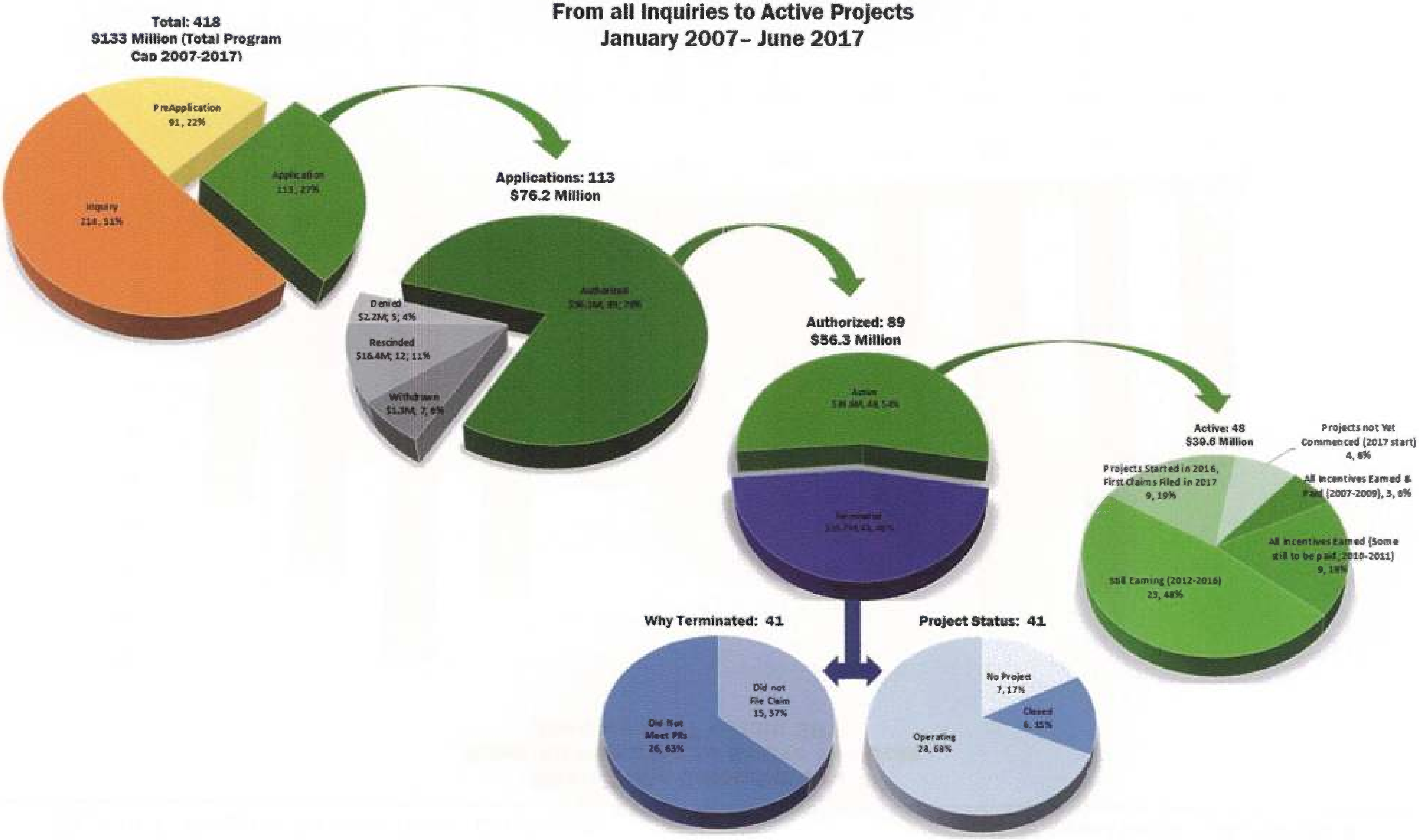
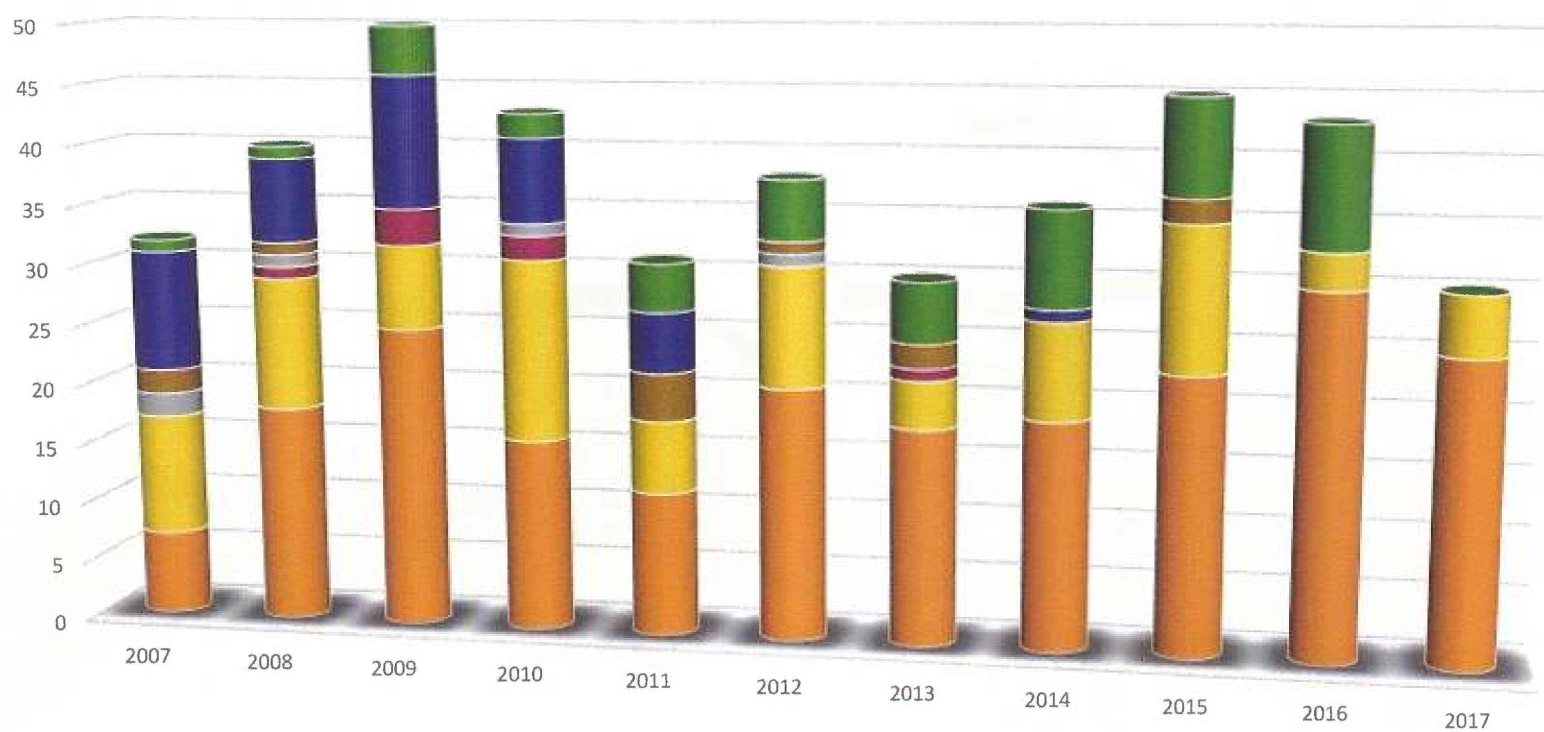


Chart 2: By Calendar Year
From all Inquiries to Active Projects
January 2007 - June 2017



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Active	1	1	4	2	4	5	5	8	8	10	0
Terminated	10	7	11	7	5	0	0	1	0	0	0
Rescinded	2	1	0	0	4	1	2	0	2	0	0
Denied	2	1	0	1	0	1	0	0	0	0	0
Withdrawn	0	1	3	2	0	0	1	0	0	0	0
Pre-Application	10	11	7	15	6	10	4	8	12	3	5
Inquiry	7	18	25	16	12	21	18	19	23	30	25

Chart 3: By Type of Project
From all Inquiries to Active Projects
January 2007 - June 2017

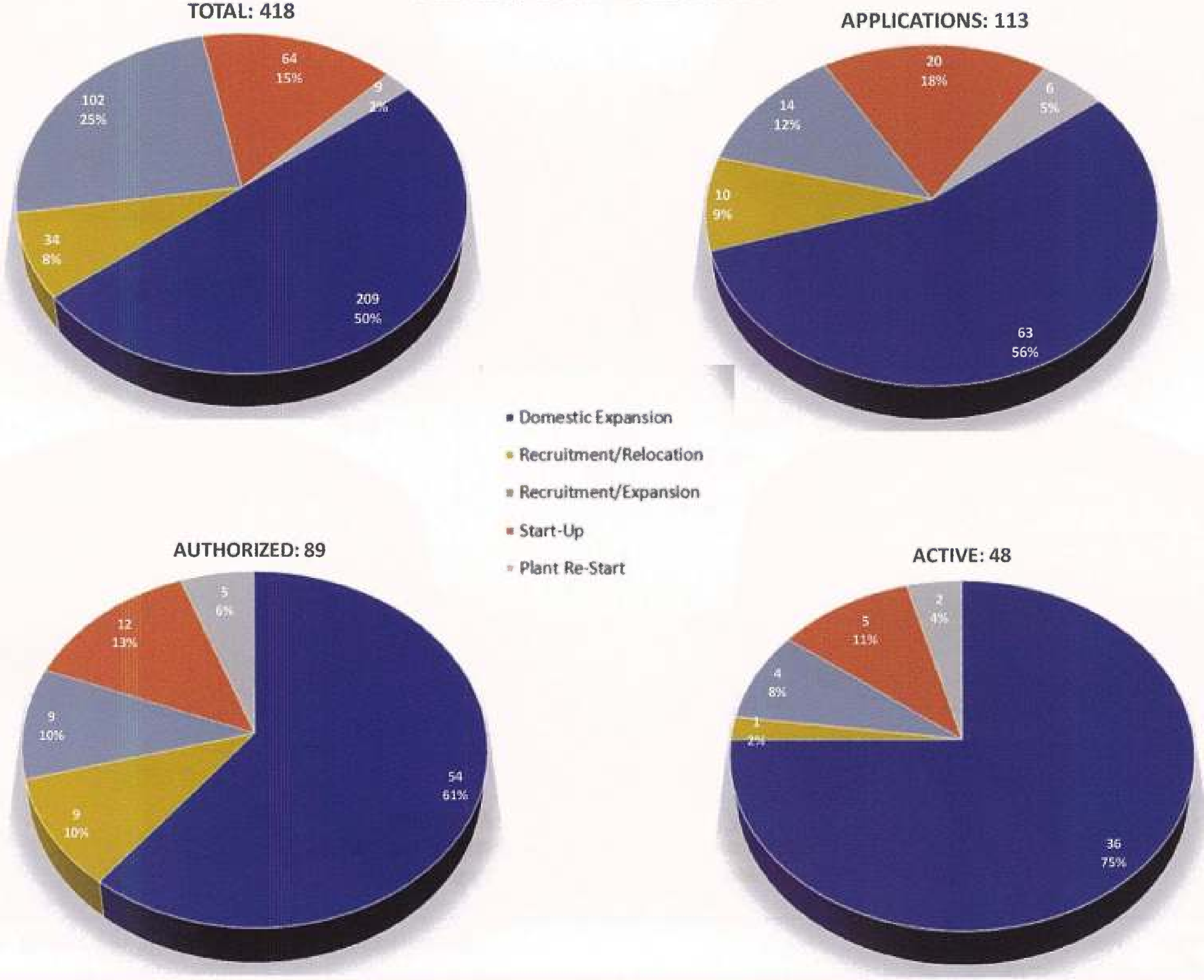


Chart 4: By Vermont Region
From all Inquiries to Active Projects
January 2007 - June 2017

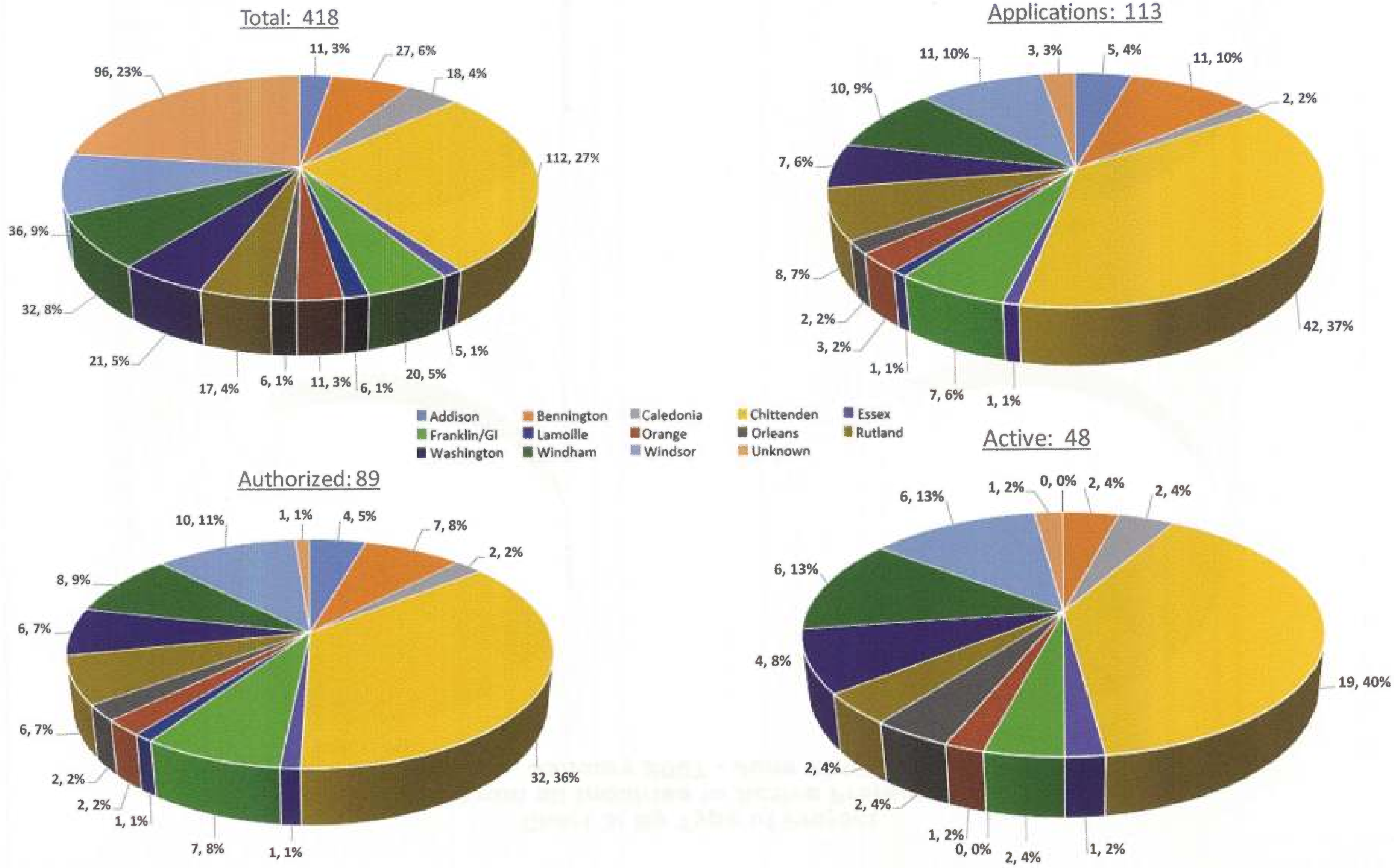
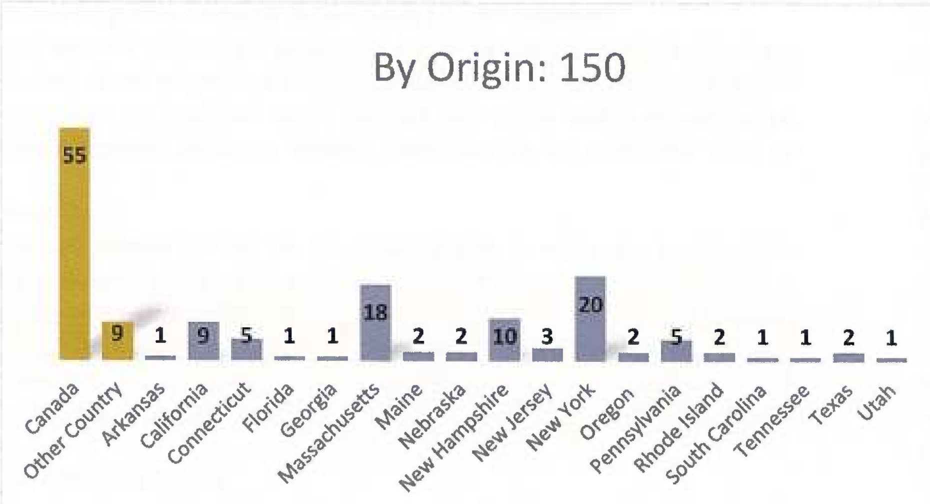
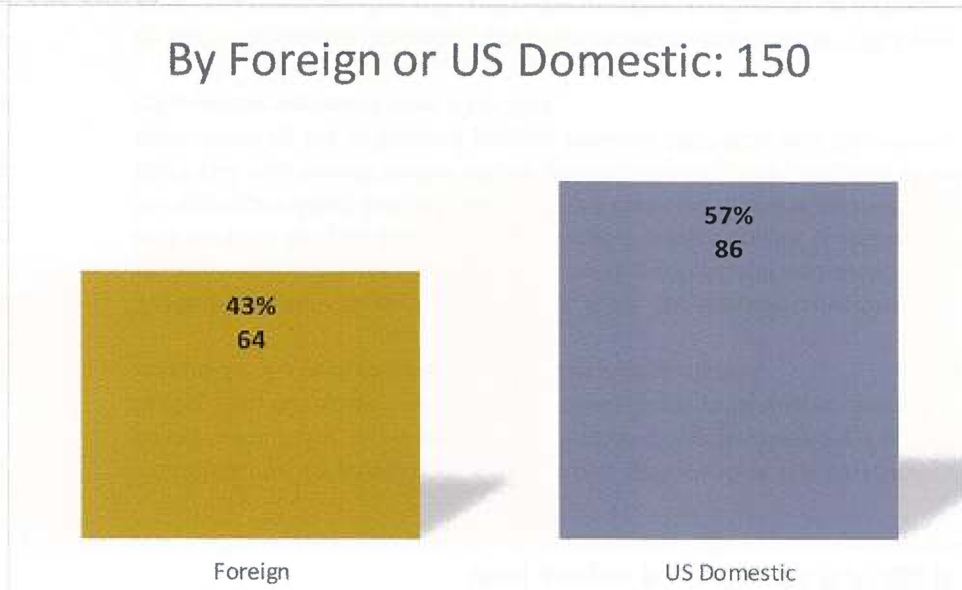


Chart 5: Non Vermont Origin Profile From all Inquiries to Active Projects January 2007 - June 2017





Section 2 of this report provides information on application activity for January 2007 to December 2016.

Table 1 shows every application considered by the Vermont Economic Progress Council (VEPC) since the January 1, 2007 inception of the Vermont Employment Growth Incentive (VEGI) program. It includes the name of the applicant company, the date the Initial and/or Final Application was considered, the authorization (or earning) period, the status of the authorization as of December 31, 2016 and a number indicating one of five reasons for a rescinded or terminated status (see Endnote 2 for explanation of each number), a "Yes" or "No" indicating whether the project has been paid any incentives, the maximum level of incentives considered, the minimum amount of estimated net revenue that could be generated to the State by the project, any statutory enhancement authorized, the location of the project by county, and the type of economic development project.

If a Final Application has not yet been filed, the applicant's status is listed as "Active-Initial." If a Final Application has been approved, the applicant's status is listed as "Active-Final." Incentives are not authorized until a Final Application has been approved. However, the amount of incentives listed when an application has received Initial Approval is booked against the cap for the calendar year in which the project commences.

The maximum incentive amount considered is the maximum level of incentives the company could possibly earn if the project occurs. If the project status indicates a rescission or termination, the maximum incentive amount is listed for reference only in this report but the total incentive is no longer available to be earned by the company.

If an authorization has been terminated and the "Incentive Earned" column contains a "Y" meaning "Yes" incentives have been earned, the column also indicated that the earned incentives were recaptured or were partially paid. Statute authorizes recapture under certain specific circumstances. In some cases, an incentive authorization can be terminated, usually due to not meeting performance requirements for a particular year, but incentives earned by activity in previous years is earned and paid if the performance requirements are maintained.

Table 2 summarizes, as of December 31, 2016, the application volume, application status, the total amount of incentives considered and authorized, and the total amount and impact of incentive enhancements. It also shows the aggregate direct and indirect fiscal and economic impacts estimated by the VEGI cost-benefit model for all the economic activity projected to be undertaken by the authorized projects between 2007-2020 and the estimated incentive payments from 2008-2024.

In 2007, the General Assembly approved an enhancement to the VEGI program for companies that will create jobs in certain environmental technology sectors. Since its passage, 19 applications (18%) have been considered for the "Green VEGI" enhancement, 5 of which remain active. Due to this enhancement, incentives authorized were $3.3 million higher and the estimated net return to the State was decreased by $2.7 million.

Statute also allows an enhancement for projects that will occur in areas of the State, defined by Labor Market Areas (LMAs) that have above average unemployment and lower than average incomes. VEPC has utilized this authority for 18 applications, 11 of which are active. This enhancement has increased incentives by $3.5 million and reduced the estimated net return by $3.2 million, but each authorization still had a positive net return to the State.

As the summary data in Table 2 show, the net (not including denied and rescinded/terminated) incentives authorized through December 2016 total about $40 million. These incentives can be earned by 48 projects planned to occur between 2007 and 2020 only if payroll, employment and capital investment performance requirements are met. Incentives are not paid out on a pro-rata basis if annual performance requirements are not met and maintained.

As **Table 2** indicates, the projects approved through December 2016 are projected to create 3,302 ***new, direct, qualifying jobs*** (full-time, permanent, paying over the VEGI wage Threshold), over ***$148 million in new qualifying payroll*** (above and beyond "background growth" payroll), and ***over $763 million in capital investments*** in machinery and equipment and building construction and renovation. The new jobs to be created are projected to have a weighted average wage of $44,932 and ***average total compensation of $55,677*** (including benefits). This economic activity, scheduled to occur between 2007 and 2020, is the basis for the incentives calculated and the incremental revenue projected to be generated.

The incentives will be paid out between 2008 and 2024, only if performance requirements are met and maintained. The dollars to pay these incentives come from the incremental tax revenue these companies generate to the state when the economic activity summarized in Table 2 occurs. Each company was approved only after a determination was made that the activity would not occur, or would occur in a materially different and less desirable manner, unless the incentive was authorized (But For). Therefore, the tax revenue to pay the incentive to the companies are generated by the authorized companies and are revenues that would never have occurred, except for the incentive being approved.

In addition to the But For criteria, application consideration includes an extensive and detailed modeling of the economic and estimated fiscal (revenue) benefits and costs to the State of Vermont. Net new revenues are generated primarily by payroll withholding taxes. But new revenues are also generated from new personal and corporate income taxes, sales and use taxes on machinery and equipment and building materials, transportation fees, property taxes, and other fees and taxes paid by the company, employees, contractors and their employees, and other companies involved in the project. The model also accounts for economic and fiscal costs to the State such as the costs of new students attending school and other additional state services that will be required.

As **Table 2** summarizes, the projects that have been authorized for incentives will generate estimated new revenues to the State totaling over $100.5 million, and the revenue costs, including the incentive payments are estimated to be about $73.3 million. In addition to the new jobs, payroll and capital investments, the State of Vermont will realize estimated net new tax revenues totaling ***$27.2 million***. The VEGI program is a net revenue producer for the State of Vermont.

The fiscal estimates included in this report cover only the five-year earning period (revenue benefits, job creation, payroll generation, capital investments) and the nine year incentive payment period (revenue costs, incentive costs) that are included in the cost-benefit model. New revenues will continue to be generated to the State after this modeling period and jobs may continue to be created that are not accounted for in the modeling.

Table 2 also includes summary data on related and indirect economic activity that is projected to occur because of the incentives. The VEGI program is not a job retention program. However, the expansion projects authorized will also result in the retention of an estimated 6,046 existing jobs. The projects will also create about 802 "non-qualifying" full-time jobs (pay below the VEGI Wage Threshold) and over 3,700 indirect jobs throughout the state.

The projects will also generate $45.7 million in new payroll that is considered "background" or "organic" growth payroll. The calculation of the incentive for ***all*** applications includes the discounting of a certain level of the new payroll that will be generated. This is considered background growth payroll or payroll that would have occurred anyway. This is done even for applications from new or start-up companies and companies that are being recruited to Vermont, neither of which ever had payroll in Vermont before the application date.

In addition to the But For and cost-benefit criteria for approval, VEPC also considers the applicant and project interaction with other Vermont companies in customer, supplier, and vendor relationships. The greater these interactions, the more indirect economic impact the incentives will have.

Table 2 shows that the expected business-to-business relationships of applicants is estimated at over $180 million each year.

Also summarized in **Table 2** is the median level of employee health care costs that are paid by the employers approved for VEGI incentives, at 71%. Further detail on employee wages and benefits is contained in Table 5 and Charts 11-21.

Table 3 summarizes the amount of incentives authorized each year by VEPC against the annual program cap. It also shows the level of utilization of the authority given to VEPC to increase incentive levels under 32 V.S.A. §3334, known as the LMA Enhancement, which is also capped annually.

Table 4 provides an analysis of application status and a breakdown of incentive values for each status. VEPC has considered over 220 applications (Initial and Final) since the inception of the VEGI program in January 2007, an average of 20 per year. As of December 31, 2016, of the 113 projects submitted for consideration, 7 were withdrawn (6%).

Of the 106 Applications that were considered, 5 were denied (4%), 12 were rescinded (11%), 41 were terminated (39%), and 48 are active or complete (45%). The rescissions and terminations are due primarily to projects not going forward because of the economic downturn between 2008 and 2010.

As the data in **Table 4** shows, 44 (73%) of the 60 projects authorized to begin in 2007-2011 were terminated or rescinded. But only 9 (20%) of the 46 projects authorized between 2012-2016 have been rescinded or terminated. An indication that the economy is improving and more projects are progressing, successfully hiring Vermonters, and making capital investments in Vermont. For more detail on the reasons for rescissions and terminations, see Table 4.

Table 5 provides a breakdown of the wage levels of the 3,302 projected new qualifying jobs to be created by the authorized projects. This data is also shown graphically in Chart 11. Table 5 also provides a breakdown of the benefits offered by authorized companies and the amount of the benefit cost covered by the employer.

Success Story

Commonwealth Dairy

Sam Garland joined Commonwealth Dairy in the summer of 2011 with significant management experience in the food distribution industry. Wanting to be part of the company, Sam accepted a full time position as a packer. Within 2 weeks was helping to organize workflow and duty assignments for other packers. Shortly thereafter he was moved to our warehouse and within a matter of a few months Sam's hopes were realized and he moved into the role of Supply Chain Manager.

To read more success stories click here.

TABLE 1: VERMONT EMPLOYMENT GROWTH INCENTIVE
Applications Through December 31, 2016

Company Name	Date Initial Application Considered	Date Final Application Considered[1]	Authorization Period	Status	Term. Reason[2]	Incentive Earned Yes/No	Maximum Incentive Considered	Minimum Net Revenue Benefit	Enhancement[3]	Location	Type of Project
Ink Jet Machinery of Vermont	N/A	25-Jan-07	N/A	Terminated Jan 24, 2008	4	N	$ 336,055	$ -	N/A	Dorset	Startup
Olympic Precision, Inc/WIC/Town of Windsor	N/A	25-Jan-07	N/A	Terminated Sept 6, 2007	4	N	$ 474,428	$ -	N/A	Windsor	Recruitment
Monahan SFI, LLC	25-Jan-07	15-Feb-07	N/A	Term.-Recap. Sept 28, 2009	3	Y-Recaptured	$ 791,277	$ -	N/A	Middlebury	Plant Restart
Qimonda North America Corp.	N/A	15-Feb-07	N/A	Rescinded Mar 27, 2008	1	N	$ 229,672	$ -	N/A	So. Burl	Ret./Expansion
Rehab Gym, Inc.	N/A	22-Mar-07	N/A	Denied	5	N	$ 255,439	$ -	N/A	Colchester	Ret./Expansion
Applejack Art Partners	N/A	3-May-07	N/A	Terminated Oct 25, 2007	4	N	$ 85,539	$ -	N/A	Manchester	Recruitment
Omni Measurement Systems	N/A	3-May-07	N/A	Terminated Mar 25, 2010	4	Y-Partial	$ 677,944	$ -	N/A	Milton	Ret./Expansion
Vermont Timber Frames	N/A	3-May-07	N/A	Terminated Jan 16, 2013	2	Y-Partial	$ 156,126	$ -	N/A	Bennington	Recruitment/Exp.
Battenkill Technologies, Inc.	N/A	28-Jun-07	N/A	Terminated Jun 26, 2008	4	N	$ 79,054	$ -	N/A	Manchester	Recruitment
Burton Corporation	15-Feb-07	28-Jun-07	N/A	Terminated Mar 25, 2010	4	N	$ 1,653,965	$ -	N/A	Burlington	Ret./Expansion
Energizer Battery Manufacturing, Inc.	N/A	26-Jul-07	N/A	Terminated May 28, 2009	4	N	$ 607,347	$ -	N/A	St Albans	Ret./Expansion
NEHP, Inc.	15-Feb-07	25-Oct-07	N/A	Terminated Dec 8, 2011	2	N	$ 182,396	$ -	N/A	Williston	Ret./Expansion
Green Mountain Coffee Roasters, Inc.	24-May-07	25-Oct-07	2007-2011	Complete	N/A	Y	$ 1,786,828	$ 2,129,672	N/A	Waterbury/Essex	Ret./Expansion
Know Your Source, LLC	12/6/207	N/A	N/A	Denied	5	N	$ 71,302	$ -	N/A	Burlington	Start-up
Mascoma Corporation	25-Oct-07	N/A	N/A	Rescinded Jun 26, 2008	1	N	$ 1,942,989	$ -	Green	WRJ	Recruitment/Exp.
CNC North, Inc.	24-Jan-08	6-Mar-08	N/A	Terminated Mar 25, 2010	4	N	$ 70,533	$ -	N/A	Springfield	Ret./Expansion
Vermont College of Fine Arts	N/A	27-Mar-08	2008-2012	Complete	N/A	Y	$ 206,737	$ 126,260	N/A	Montpelier	Start-up
Isovolta, Inc.	27-Mar-08	26-Jun-08	N/A	Terminated May 28, 2009	4	N	$ 568,330	$ -	N/A	Rutland	Ret./Expansion
Vermont Castings Holding Company	N/A	18-Sep-08	N/A	Terminated May 28, 2009	4	N	$ 488,000	$ -	Green	Bethel	Ret./Expansion
New England Precision, Inc./Clifford Properties, Inc.	N/A	18-Sep-08	N/A	Terminated April 28, 2011	2	N	$ 241,236	$ -	N/A	Randolph	Ret./Expansion
Utility Risk Management Corp	26-Jun-08	23-Oct-08	N/A	Term-Recap November 25, 2013	3	Y-Recaptured	$ 377,371	$ -	N/A	Stowe	Recruitment/Relocation
Helix Global Solutions, Inc.	6-Mar-08	N/A	N/A	Rescinded Dec 4, 2008	1	N	$ 53,739	$ -	N/A	Burlington Area	Recruitment/Exp.
Vermont Wood Energy Corp	24-Jul-08	4-Dec-08	N/A	Denied	5	N	$ 293,967	$ -	Green	Rutland	Start-up
Tata's Natural Alchemy	6-Dec-07	4-Dec-08	N/A	Terminated Mar 25, 2010	4	N	$ 231,531	$ -	N/A	Whiting/Shoreham	Start-up
BioTek Instruments, Inc./Lionheart Technologies, Inc.	N/A	4-Dec-08	N/A	Terminated Dec 17, 2014	2	Y-Partial	$ 692,854	$ -	N/A	Winooski	Ret./Expansion
Dominion Diagnostics, LLC	23-Oct-08	22-Jan-09	N/A	Terminated April 28, 2011	2	N	$ 103,300	$ -	N/A	Williston	Recruitment/Exp.
Albany College of Pharmacy	6-Dec-07	22-Jan-09	2009-2013	Complete	N/A	Y	$ 630,859	$ 345,717	N/A	Colchester	Recruitment/Exp.
ASK-intTag, LLC	4-Dec-08	26-Mar-09	N/A	Terminated December 5, 2013	2	Y-Partial	$ 553,722	$ -	N/A	Essex	Recruitment/Start-up
Vermont Transformers, Inc.	4-Dec-08	26-Mar-09	N/A	Terminated May 25, 2011	3	N	$ 267,569	$ -	Green	St. Albans	Recruitment/Exp.
Project Graphics, Inc.	22-Jan-09	23-Apr-09	N/A	Terminated May 24, 2012	2	N	$ 230,414	$ -	N/A	So. Burlington	Recruitment
Durasol Awnings, Inc.	26-Mar-09	28-May-09	N/A	Terminated Mar 25, 2010	4	N	$ 245,795	$ -	N/A	Middlebury	Ret./Expansion
Commonwealth Yogurt, Inc.	26-Jun-08	25-Jun-09	2009-2013	Active-Final	N/A	Y	$ 1,201,154	$ 614,505	N/A	Brattleboro	Recruitment/Start-up
AirBoss Defense USA, Inc.	28-May-09	24-Sep-09	N/A	Terminated July 24, 2014	2	Y-Partial	$ 243,279	$ -	N/A	Milton	Recruitment/Exp.
Maple Mountain Woodworks. LLC	26-Feb-09	17-Dec-09	N/A	Term-Recap February 15, 2013	3	Y-Recaptured	$ 143,436	$ -	N/A	Richford	Start-up
Terry Precision Bicycles for Women, Inc.	25-Jun-09	17-Dec-09	N/A	Terminated December 5, 2013	2	Y-Partial	$ 126,296	$ -	N/A	Burlington	Recruitment/Relocation
Northern Power Systems, Inc.	23-Jul-09	17-Dec-09	N/A	Terminated December 17, 2014	2	Y-Partial	$ 808,104	$ -	Green	Barre	Ret./Expansion
Green Mountain Coffee Roasters, Inc.	23-Jul-09	17-Dec-09	2009-2013	Complete	N/A	Y	$ 292,307	$ 1,736,611	N/A	Chittenden County	Ret./Expansion
MyWebGrocer, Inc	N/A	22-Oct-09	2010-2014	Active-Final	N/A	Y	$ 453,475	$ 286,567	N/A	Colchester	Ret./Expansion
SBE, Inc.	25-Jun-09	17-Dec-09	N/A	Terminated Dec 17, 2014	2	Y-Partial	$ 3,048,671	$ -	Green	Barre	Ret./Expansion
Seldon Technologies, Inc.	27-Aug-09	17-Dec-09	N/A	Terminated June 27, 2013	2	N	$ 478,396	$ -	Green	Windsor	Ret./Expansion
Business Financial Publishing, Inc.	28-Jan-10	N/A	N/A	Denied	5	N	$ 162,473	$ -	N/A	Burlington	Start-up
New England Supply, Inc.	N/A	25-Mar-10	2010-2014	Active-Final	N/A	Y	$ 67,953	$ 36,088	N/A	Williston	Start-up
The Original Vermont Wood Products, Inc.	N/A	27-May-10	N/A	Terminated Dec 8, 2011	3	N	$ 100,604	$ -	LMA	Pittsfield	Start-upU/Plant Restart
Westminster Cracker Company, Inc.	N/A	22-Jul-10	N/A	Terminated Jan 22, 2014	2	N	$ 236,246	$ -	LMA	Rutland	Ret./Expansion
Revision Eyewear, Ltd.	N/A	28-Oct-10	N/A	Terminated June 23, 2016	2	Y-Partial	$ 552,193	$ -	N/A	Essex	Ret./Expansion
Organic Trade Association	27-Jul-10	28-Oct-10	N/A	Terminated May 24, 2012	4	N	$ 75,569	$ -	N/A	Brattleboro	Recruitment/Relocation
Dealer.com, Inc.	28-Jan-10	16-Dec-10	2010-2014	Active-Final	N/A	Y	$ 4,929,487	$ 2,644,928	N/A	Burlington	Ret./Expansion
Pinnacle Sales Accelerators, LLC	27-May-10	16-Dec-10	N/A	Term-Recap. Jan 16, 2013	3	Y-Recaptured	$ 111,635	$ -	N/A	Burlington	Recruitment/Start-up
Swan Valley Cheese Company of Vermont	22-Jul-10	16-Dec-10	N/A	Terminated Dec 17, 2014	2	Y-Partial	$ 305,830	$ -	LMA	Swanton	Plant Restart/Start-up
Alpla, Inc.	16/2010	24-Mar-11	N/A	Terminated Jul 24, 2014	4	N	$ 654,438	$ -	Green	Essex	Recruitment/Exp.
Bariatrix Nutrition Corp	27-Jan-11	24-Mar-11	N/A	Terminated Sept 22, 2016	2	Y-Partial	$ 135,653	$ -	N/A	Georgia	Ret./Expansion
eCorporate English, Ltd.	26-Aug-10	25-May-11	N/A	Terminated Sept 27, 2012	3	N	$ 464,731	$ -	N/A	Middlebury	Recruitment/Exp.
WCW, Inc.	28-Jul-11	27-Oct-11	N/A	Terminated Oct 22, 2015	2	N	$ 512,449	$ -	N/A	Manchester	Recruitment/Relocation

TABLE 1: VERMONT EMPLOYMENT GROWTH INCENTIVE Applications Through December 31, 2016											
Company Name	Date Initial Application Considered	Date Considered[1]	Authorization Period	Status	Term. Reason[2]	Incentive Earned Y/N	Maximum Incentive Considered	Minimum Net Revenue Benefit	Enhancement[3]	Location	Type of Project
VSC Holdings, Inc.	24-Feb-11	27-Oct-11	2011-2015	Active-Final	N/A	Y	$ 156,913	$ 86,727	N/A	Hinesburg	Ret./Expansion
Carbon Harvest Energy, LLC/Brattleboro Carbon Harvest, LLC	24-Mar-11	8-Dec-11	N/A	Terminated Dec 13, 2012	3	N	$ 568,913	$ -	Green	Burl/Brattleboro	Ret./Expansion
Concepts ETI, Inc	25-May-11	8-Dec-11	2011-2015	Active-Final	N/A	Y	$ 290,335	$ 117,880	Green/LBW	Wilder	Ret./Expansion
SOH Wind Engineering, LLC	25-May-11	8-Dec-11	N/A	Terminated Sept 22, 2016	2	Y-Partial	$ 153,994	$ -	Green	Williston	Recruitment/Start-up
Green Mountain Coffee Roasters, Inc.	28-Jul-11	8-Dec-11	2011-2015	Active-Final	N/A	Y	$ 4,696,809	$ 6,297,553	N/A	Essex	Ret./Expansion
Ellison Surface Technologies, Inc.	26-Aug-10	8-Dec-11	2011-2015	Complete	N/A	Y	$ 688,462	$ 289,406	LMA	Rutland	Ret./Expansion
Skypoint Solar	16-Dec-10	N/A	N/A	Rescinded Dec 8, 2011	1	N	$ 7,900,114	$ -	Green	Burlington	Recruitment/Start-up
Transcend Quality Manufacturing, Inc.	27-Oct-11	N/A	N/A	Rescinded Dec 6, 2012	1	N	$ 246,941	$ -	LMA/Green	TBD	Recruitment/Start-up
Plasan Carbon Composites, Inc.	8-Dec-11	N/A	N/A	Rescinded Aug 30, 2012	1	N	$ 516,395	$ -	Green	Bennington	Ret./Expansion
Vermont Hard Cider Company, LLC	26-Jan-12	N/A	N/A	Rescinded Dec 6, 2012	1	N	$ 260,176	$ -	N/A	Middlebury	Ret./Expansion
Commonwealth Dairy, LLC	26-Jan-12	25-May-12	2012-2016	Active-Final	N/A	Y	$ 303,004	$ 277,714	N/A	Brattleboro	Ret./Expansion
Performa Limited, LLC	N/A	25-Oct-12	2012-2016	Active-Final	N/A	Y	$ 133,617	$ 62,088	N/A	Burlington	Ret./Expansion
Dynapower	22-Mar-12	13-Dec-12	N/A	Denied	5	N	$ 1,415,009	$ -	Green	So. Burlington	Ret./Expansion
Mylan Technologies, Inc	26-Jan-12	13-Dec-12	2012-2016	Active-Final	N/A	Y	$ 5,733,506	$ 2,786,740	N/A	St. Albans	Ret./Expansion
Revision Ballistics	18-Apr-12	13-Dec-12	2012-2016	Active-Final	N/A	Y	$ 734,081	$ -	LMA	Newport	Plant Restart/Start-up
Seventh Generation	26-Apr-12	13-Dec-12	2012-2016	Active-Final	N/A	Y	$ 454,728	$ 233,150	Green	Burlington	Ret./Expansion
AFCell Medical	24-Mar-11	N/A	N/A	Rescinded Dec 5, 2013	1	N	$ 1,338,444	$ -	N/A	TBD	Recruitment/Start-up
Freedom Foods	13-Dec-12	24-Oct-13	2013-2017	Active-Final	N/A	Y	$ 267,762	$ 128,639	Educ Tax Stabil	Randolph	Ret./Expansion
Logic Supply, Inc.	25-Apr-13	24-Oct-13	2013-2017	Active-Final	N/A	Y	$ 352,912	$ 219,038	N/A	South Burlington	Ret./Expansion
BioTek Instruments, Inc./Lionheart Technologies, Inc.	28-Mar-13	5-Dec-13	2013-2017	Active-Final	N/A	Y	$ 325,111	$ 675,788	N/A	Winooski	Ret./Expansion
Dealer.com II	25-Apr-13	5-Dec-13	2013-2017	Active-Final	N/A	Y	$ 1,201,850	$ 1,970,120	N/A	Burlington	Ret./Expansion
Farmer Mold & Machine	25-Jul-13	5-Dec-13	N/A	Terminated Jun 23, 2015	4	N	$ 258,518	$ -	LMA	No. Clarendon	Recruitment/Relocation
JBM Sherman Carmel	22-Aug-13	5-Dec-13	2013-2017	Active-Final	N/A	Y	$ 136,744	$ 15,938	LMA	Bennington	Ret./Expansion
Keurig Green Mountain	19-Mar-14	24-Apr-14	2014-2018	Active-Final	N/A	Y	$ 971,028	$ 451,047	N/A	Williston	Ret./Expansion
Cambridge Valley Machining, Inc.	28-Mar-13	N/A	N/A	Rescinded Dec 17, 2014	1	N	$ 140,049	$ -	N/A	Bennington	Recruitment/Expansion
AGrown (AEG Holdings, LLC)	26-Sep-13	N/A	N/A	Rescinded Dec 17, 2014	1	N	$ 2,010,364	$ -	Green	TBD	Recruitement/Start-up
Vermont Packinghouse	25-Jul-13	17-Dec-14	2014-2018	Active-Final	N/A	Y	$ 233,252	$ -	LMA	Springfield	Recruitment/Start-up
G.S. Blodget Corp.	19-Mar-14	17-Dec-14	2014-2018	Active-Final	N/A	Y	$ 754,104	$ 410,685	N/A	Essex	Ret./Expansion
Twincraft, Inc	24-Jul-13	17-Dec-14	2014-2018	Active-Final	N/A	Y	$ 532,584	$ 512,840	LBW	Essex	Ret./Expansion
Cabot Hosiery Mills, Inc	17-Dec-14	3-Dec-15	2015-2019	Active-Final	N/A	N	$ 1,336,191	$ 543,355	N/A	Northfield	Ret./Expansion
Flex-A-Seal, Inc	17-Dec-14	3-Dec-15	2015-2019	Active-Final	N/A	Y	$ 144,998	$ 208,891	N/A	Essex Jct	Ret./Expansion
National Hanger Company, Inc	17-Dec-14	22-Sep-15	2015-2019	Active-Final	N/A	Y	$ 272,369	$ 41,557	LMA	N. Bennington	Ret./Expansion
Precyse Solutions, LLC	17-Dec-14	3-Dec-15	2015-2019	Active-Final	N/A	N	$ 378,703	$ 212,590	N/A	Statewide	Recruitment/Expansion
Revision Military, LTD	6-Apr-15	27-Oct-15	2015-2019	Active-Final	N/A	Y	$ 167,295	$ 57,308	N/A	Essex	Ret./Expansion
Vermed	26-Apr-15	3-Dec-15	2015-2019	Active-Final	N/A	N	$ 292,421	$ -	LMA	Bellows Falls	Ret./Expansion
Maponics, LLC	28-May-15	3-Dec-15	2015-2019	Active-Final	N/A	N	$ 156,490	$ 269,165	N/A	White River Jct	Ret./Expansion
Revision Ballistics, LTD	28-May-15	27-Oct-15	2015-2019	Active-Final	N/A	Y	$ 619,007	$ -	LMA	Newport	Ret./Expansion
GW Plastics, Inc.	23-Jul-15	3-Dec-15	2015-2019	Active-Final	N/A	Y	$ 977,364	$ 349,171	LMA	Bethel	Ret./Expansion
Triad Design Services, Inc.	26-Feb-15	N/A	N/A	Rescinded Sept 22, 2016	1	N	$ 968,657	$ -	N/A	Williston	Ret./Expansion
GS Precision, Inc.	23-Jun-15	3-Nov-16	2016-2020	Active-Final	N/A	N	$ 1,154,702	$ -	LMA	Brattleboro	Ret./Expansion
Composites BHS, Inc.	22-Oct-15	3-Nov-16	2016-2020	Active-Final	N/A	N	$ 512,145	$ -	LMA	St. Johnsbury	Recruitment/Expansion
Britton Lumber Company, Inc.	3-Dec-15	N/A	N/A	Rescinded May 26, 2016	1	N	$ 784,862	$ -	Green	Fairlee	Plant Restart
Imerys Talc Vermont, Inc.	28-Jan-16	3-Nov-16	2016-2020	Active-Final	N/A	N	$ 696,332	$ 398,821	N/A	Ludlow	Ret./Expansion
LTK Consulting Services, Inc.	28-Jan-16	3-Nov-16	2016-2020	Active-Final	N/A	N	$ 184,683	$ 76,325	N/A	White River Jct	Recruitment/Relocation
Vermont Aerospace-AIAC	5-May-16	8-Dec-16	2016-2020	Active-Final	N/A	N	$ 328,841	$ 29,592	LMA	Lyndon	Plant Restart
Autumn Harp	N/A	26-May-16	2016-2020	Active-Final	N/A	N	$ 570,225	$ 525,444	N/A	Essex	Ret./Expansion
Bariatrix Nutrition Corp II	23-Jun-16	8-Dec-16	2016-2020	Active-Final	N/A	N	$ 152,843	$ 83,813	N/A	Georgia	Ret./Expansion
Caledonia Spirits/Lineage Realty	23-Jun-16	8-Dec-16	2016-2020	Active-Final	N/A	N	$ 684,035	$ 302,215	N/A	Montpelier	Ret./Expansion
Chroma Technology Corp	23-Jun-16	8-Dec-16	2016-2020	Active-Final	N/A	N	$ 596,297	$ 612,342	N/A	Bellows Falls	Ret./Expansion
Vermont Precision Tool	3-Nov-16	N/A	2017-2021	Active-Initial	N/A	N	$ 304,997	$ 259,498	N/A	Swanton	Ret./Expansion
Westminster Cracker Company	17-Nov-16	N/A	2017-2021	Active-Initial	N/A	N	$ 194,485	$ (48,296)	LMA	Rutland	Ret./Expansion
Kingdom Pellets, LLC	3-Dec-15	N/A	2017-2021	Active-Initial	N/A	N	$ 337,914	$ 58,977	LMA/Green	Lunenburg	Start-up
Commonwealth Dairy, LLC	8-Dec-16	N/A	2017-2021	Active-Initial	N/A	N	$ 648,327	$ 788,524	N/A	Brattleboro	Ret./Expansion

TABLE 2: SUMMARY OF INCENTIVE AUTHORIZATION DATA
FOR ALL APPLICATIONS CONSIDERED THROUGH DECEMBER 31, 2016
TOTAL PROJECTED ECONOMIC ACTIVITY, 2007 - 2021

Application Count	Total Considered	Approved - Complete and Active[4]	Rescinded/ Terminated[5]	Denied
Total Applications Considered:[6]	**106**	**48**	**53**	**5**
Percent of Total Applications	N/A	45%	50%	5%
Regular VEGI Applications:	87	43	41	3
"Green VEGI" Applications:[7]	19	5	12	2
LMA Enhanced Applications:	18	11	4	0
Lookback Waived Applications:	2	2	0	0

Authorization Summary:		
Total Incentives Considered To Date:	$	74,930,599
Total Incenitves Denied To Date:	$	2,198,190
Total Incentives Rescinded/Terminated to Date:	$	33,124,380
Net Incentives Authorized to Date:	$	39,608,029
Incentive Enhancements:		
Increase in Incentives Due to Enhancements:		
Green VEGI	$	3,316,594
LMA Enhancement	$	3,561,517
Total	$	6,878,111
Decrease in Net Revenue Return Due to Enhancements:		
Green VEGI	$	2,760,291
LMA Enhancement	$	3,198,043
Total	$	5,958,334

Direct Estimated Economic Impact:		
New Qualifying FT Jobs Projected:		3,302
New Qualifying FT Payroll Projected:	$	148,485,288
Weighted Average Wage of New Qualifying Jobs:	$	44,932
Average Total Compensation for New Qualifying Jobs:	$	55,677
New Qualified Capital Investment Projected:	$	763,068,058
Related Estimated Economic Activity:		
Retained Full-time Jobs:[8]		6,046
Full-time Non-Qualifying Job Creation:[9]		802
Indirect Job Creation:[10]		3,732
Total Full-time Job Creation:		7,836
New Payroll Considered Background Growth:[11]	$	45,729,925
Average Health Care Premium Paid by Employer:[12]		71%
Approximate Value of VT Biz-to-Biz Interactions:[13]	$	180,055,648
Direct Estimated Fiscal Impact[14]		
Total Revenue Benefits to the State:	$	100,554,875
Total Revenue Costs to the State, Including Incentives:	$	73,329,963
Net Fiscal Return to the State:	$	27,224,912

TABLE 3: ANNUAL AUTHORIZATION AND LMA ENHANCEMENT CAPS

FOR APPLICATIONS CONSIDERED THROUGH DECEMBER 31, 2016

TOTAL PROJECTED INCENTIVE PAYMENTS, 2007 - 2026

Annual Incentives/Caps:[15]			%
2007 Cap	$	10,000,000	
Initial Approvals	$	4,078,156	41%
Final Approvals	$	6,830,959	68%
Active as of 12/31/2016	$	1,786,828	18%
Net Cap Balance	$	8,213,172	82%
2008 Cap	$	10,000,000	
Initial Approvals	$	4,809,164	48%
Final Approvals	$	2,183,738	22%
Active as of 11/03/2016	$	206,737	2%
Net Cap Balance	$	9,793,263	98%
2009 Cap	$	10,000,000	
Initial Approvals	$	5,425,247	54%
Final Approvals	$	5,539,089	55%
Active as of 12/31/2016	$	2,124,320	21%
Net Cap Balance	$	7,875,680	79%
2010 Cap1	$	23,000,000	
Initial Approvals	$	8,566,823	37%
Final Approvals	$	10,360,059	45%
Active as of 12/31/2016	$	5,450,915	24%
Net Cap Balance	$	17,549,085	76%
2011 Cap2	$	18,000,000	
Initial Approvals	$	14,532,959	81%
Final Approvals	$	8,322,697	46%
Active as of 12/31/2016	$	5,832,519	32%
Net Cap Balance	$	12,167,481	68%
2012 Cap3	$	12,000,000	
Initial Approvals	$	8,127,120	68%
Final Approvals	$	7,358,936	61%
Active as of 12/31/2016	$	7,358,936	61%
Net Cap Balance	$	4,641,064	39%
2013 Cap	$	10,000,000	
Initial Approvals	$	4,391,060	44%
Final Approvals	$	2,542,897	25%
Active as of 12/31/2016	$	2,284,379	23%
Net Cap Balance	$	7,715,621	77%
2014 Cap	$	10,000,000	
Initial Approvals	$	4,381,342	44%
Final Approvals	$	2,490,968	25%
Active as of 12/31/2016	$	2,490,968	25%
Net Cap Balance	$	7,509,032	75%
2015 Cap4	$	15,000,000	
Initial Approvals	$	4,331,442	29%
Final Approvals	$	4,344,838	29%
Active as of 12/31/2016	$	4,344,838	29%
Net Cap Balance	$	10,655,162	71%
2016 Cap	$	10,000,000	
Initial Approvals	$	6,058,943	61%
Final Approvals	$	4,880,102	49%
Active as of 12/31/2016	$	4,880,103	49%
Net Cap Balance	$	5,119,897	51%
2017 Cap	$	10,000,000	
Initial Approvals	$	1,485,723	15%
Final Approvals	$	-	0%
Active as of 12/31/2016	$	1,485,723	15%
Net Cap Balance	$	8,514,277	85%

Annual LMA Enhancement Cap:[16]			%
2007 Cap	$	1,000,000	
Approvals	$	-	0%
Cap Balance	$	1,000,000	100%
Active	$	-	0%
Net Cap Balance	$	1,000,000	100%
2008 Cap	$	1,000,000	
Approvals	$	-	0%
Cap Balance	$	1,000,000	100%
Active	$	-	0%
Net Cap Balance	$	1,000,000	100%
2009 Cap	$	1,000,000	
Approvals	$	-	0%
Cap Balance	$	1,000,000	100%
Active	$	-	0%
Net Cap Balance	$	1,000,000	100%
2010 Cap	$	1,000,000	
Approvals	$	228,459	23%
Cap Balance	$	771,541	77%
Active	$	-	0%
Net Cap Balance	$	1,000,000	100%
2011 Cap	$	1,000,000	
Approvals	$	322,655	32%
Cap Balance	$	677,345	68%
Active	$	322,655	32%
Net Cap Balance	$	677,345	68%
2012 Cap	$	1,000,000	
Approvals	$	313,144	31%
Cap Balance	$	686,856	69%
Active	$	247,632	25%
Net Cap Balance	$	752,368	75%
2013 Cap	$	1,000,000	
Approvals	$	133,606	13%
Cap Balance	$	866,394	87%
Active	$	57,074	6%
Net Cap Balance	$	942,926	94%
2014 Cap	$	1,000,000	
Approvals	$	90,833	9%
Cap Balance	$	909,167	91%
Active	$	90,833	9%
Net Cap Balance	$	909,167	91%
2015 Cap5	$	1,200,000	
Approvals	$	946,733	79%
Cap Balance	$	253,267	21%
Active	$	946,733	79%
Net Cap Balance	$	253,267	21%
2016 Cap6	$	1,500,000	
Approvals	$	1,359,763	91%
Cap Balance	$	140,237	9%
Active	$	1,359,763	91%
Net Cap Balance	$	140,237	9%
2017 Cap	$	1,000,000	
Approvals	$	166,324	17%
Cap Balance	$	833,676	83%
Active	$	166,324	17%
Net Cap Balance	$	833,676	83%

TABLE 4: APPLICATION STATUS DETAIL

FOR ALL APPLICATIONS CONSIDERED THROUGH DECEMBER 31, 2016

APPLICATION STATUS:					
TOTAL FINAL APPLICATIONS CONSIDERED:			106		
AVERAGE FINAL APPLICATIONS PER YEAR:			10		
Annual Breakdown:		Active	Terminated/ Rescinded	Denied	
2007	13	1	11	1	
2008	11	1	8	2	
2009	13	3	10	0	
2010	12	3	8	1	
2011	11	4	7	0	
Five Year Sub Total:	**60**	**12**	**44**	**4**	
		20%	**73%**	**7%**	
2012	9	5	3	1	
2013	7	5	2	0	
2014	6	4	2	0	
2015	9	9	0	0	
2016	11	9	2	0	
2017	4	4	0	0	
Five Year Subtotal:	**46**	**36**	**9**	**1**	
		78%	**20%**	**2%**	
	Total:	48	53	5	
	Total:	45%	50%	5%	

REASONS FOR TERMINATION/RESCISSION:	
Number	**Reason**
12	No Final Application submitted. Initial application rescinded. No incentives authorized.
18	Project commenced, but for a certain year, Performance Requirements were never met. Incentives terminated.
8	Project commenced, but company closed or reduced employment below 90%. Incentives terminated.
15	Project commenced, but in a subsequent year company failed to file a VEGI claim. Incentives terminated.
53	**Total**
	Detail of Rescissions:
5	Project occurred in another state
2	Project did not occur at all
3	Project could not find capital
2	No Final Application, but project started in Vermont anyway
12	**Subtotal**
	Detail of Terminations:
21	Did not meet Performance Requirements by end of grace period
	10 Earned Partial Incentives
	11 No Incentives earned
6	Closure of Business
	0 Earned Partial Incentives
	5 Recapture of Incentives Required
	1 No Incentives earned
14	Failed to file claim
	0 Earned Incentives
	14 No Incentives earned
41	**Subtotal**

SUMMARY OF APPLICATION STATUS/INCENTIVE LEVELS			
STATUS	**NUMBER**	**PERCENT**	**VALUE**
All Applications Submitted	**113**	**100%**	**$76,226,978**
Withdrawn	7	6%	$1,296,379
All Applications Considered	**106**	**94%**	**$74,930,599**
Denied	5	5%	$2,198,190
Rescinded	12	11%	$16,392,402
Net Incentives Authorized	**89**	**84%**	**$56,340,007**
Terminated Incentives	41	39%	$16,731,978
Net Incentives Available	**48**	45%	**$39,608,029**

QUICK DATA FACT #2

HOW MUCH HAS ACTUALLY BEEN PAID BACK TO COMPANIES IN VEGI INCENTIVES TO DATE (2007-2015)?

$18,855,465

TABLE 5: PROJECTED WAGES AND BENEFITS

FOR ALL ACTIVE APPLICATIONS CONSIDERED THROUGH DECEMBER 31, 2016

NOTE: ALL DATA IN THIS TABLE BASED ON 48 ACTIVE COMPANIES ONLY.

Wage Levels: (In $000's)	Total	$25-$29	$30-$39	$40-$49	$50-$59	$60-$69	$70-$79	$80-$89	$90+
Number of Jobs	3302	1007	779	498	308	278	153	209	70
Percentage of Total Jobs	100%	30%	24%	15%	9%	8%	5%	6%	2%

Benefits Paid by Employers:	Number Offering Benefit	Percentage Offering Benefit	Average Percentage of Benefit Paid by Employers	
Medical Premium	47	98%	98%	NOTE: BENEFITS AS REPORTED BY APPLICANT. IN SOME CASES, A BENEFIT MAY BE OFFERED BUT APPLICANT DID NOT REPORT IT.
Dental Premium	37	77%	77%	
Vision Premium	28	58%	58%	
Life Insurance	36	75%	75%	
Short-Term/Long-Term Disability Ins.	33	69%	69%	
Accidental Death/Dismemberment Ins.	11	23%	100%	
Retirement Contribution	35	73%	73%	
Paid Leave	41	85%	75%	
Other	19	40%	65%	

QUICK DATA FACT #3

HOW MANY NEW JOBS HAVE VEGI COMPANIES ACTUALLY CREATED TO DATE? (2007-2015)

Direct and Indirect New Jobs:	9,162
New Qualifying Jobs:	5,523

Section 3 of this report provides data on the projected and actual economic activity between January 1, 2007 and December 31, 2015.

Table 6 aggregates, by calendar year, the number of claims expected to be filed, the disposition of claims, and the projected ***and actual*** qualifying job creation, qualifying payroll generation, capital investments, incentive payments, and the estimated net revenue benefit for the State for activity that has actually occurred between January 1, 2007 and December 31, 2015.

VEGI claims must be filed each year for the economic activity that occurred during the previous calendar year. For example, claims for activity in 2015 were filed in April 2016 and examined by the Tax Department during 2016. Incentive payments, if earned, were paid in late 2016. Therefore, there is a one year delay before the claim and actual activity data is available. This is why this report includes application data through December 2016, but actual earning and economic activity for 2007—2015.

Only the companies that met performance requirements for the year being examined earned the incentives for that year. The $3.4 million in incentive payments for 2015 shown in **Table 6** were paid because the 38 companies met the performance requirements for 2015 and were paid one-fifth of the earned incentive for that year and/or maintained performance from previous years and were paid the next one-fifth installment for an incentive earned in a previous year.

The projected and actual economic activity data detailed in **Table 6** are for the companies that met performance requirements and may include data for companies that have not yet met performance requirements. Data for companies that did not meet performance requirements, but are still within the "grace period" are included because a company is not removed from the program if they do not meet their requirements by the due date (December 31 of each year). These companies created jobs, generated payroll, and made capital investments, but not to the extent that met the performance measures. No incentive is paid to such a company until and unless the requirements are met. This economic activity, however, must be counted and is included in the calculation of the estimated net revenue benefit to the State. If a company does not meet performance requirements within the required period after the performance requirement date (within two years o the target date), no incentive for that year can be earned or paid and any future incentives are terminated.

As **Table 6** and **Charts 6-10** indicate, actual new job creation, payroll creation and capital investments have outpaced projections in each year. As a result, the projected net revenue benefit to the State from economic activity through December 2015 is much higher than projected. The net revenue benefit was estimated at about $25 million. The economic activity that has actually occurred, and the incentives installments actually paid were re-modeled using the same cost-benefit model used for the application approval process. The model estimates a **net revenue benefit to the State of $34,684,073** for the activity that has actually occurred between 2007 and 2015. This means a return of $6,280 in new tax revenue to the State for each new qualifying job created by the projects in the VEGI program.

It should be noted that once a company is rescinded or terminated their economic activity is no longer included in the modeling of the revenue impact, but those companies may have contributed jobs and investments during this period. For example, a company was authorized for incentives to move from another state to Vermont and create more jobs. The move occurred, jobs were created, but not at a level that met performance requirements to earn the incentive. The company would be removed from the program but still operates in Vermont. Therefore, economic activity occurred and new tax revenues were generated to the State, but no incentives were ever paid. There are about 20 such companies that had levels of economic activity insufficient to meet performance requirements but still generating tax revenues to the state.

Charts 6 through 10 graphically compare projected program economic activity and economic impact and the actual activity and impact.

Chart 6 illustrates the projected and actual new qualifying job creation between 2007 and 2015, showing that the authorized projects have created 5,523, or 119% ***more*** new jobs than projected for this period. These are all full-time, non-owner, jobs paying above the VEGI Wage Threshold and providing benefits including an average 71% of the medical premium paid by the employer.

Chart 7 illustrates the difference between the projected and actual payroll created for these full-time, qualifying jobs. The actual payroll created is $332 million or 172% ***more*** than projected.

Similarly, **Chart 8** indicates that the same companies invested $771 million or 15% ***more*** in machinery and equipment and facilities in Vermont than projected. As **Chart 16** shows, most of the facility investment (71%)was in renovations to a company's existing facility or for reuse of existing under- or unutilized building stock in Vermont.

Chart 9 compares the level of incentives projected and actually paid out between 2007 and 2015 and **Chart 10** shows the difference between the projected estimate of net revenue gain (ROI) for the state versus the actual estimate net gain, which is $34 million, or 25% higher than projected.

Success Story

Vermont Smoke and Cure

Prior to being employed at Vermont Smoke and Cure, Lauren Whitney of Bristol was struggling to make ends meet and apprehensive to lay roots in Vermont due to job security. Hired in January 2013 as a production worker and quickly moving up to QA technician, Lauren states "The future looks promising for Vermont Smoke and Cure and I feel comfortable and confident that my job is secure." Vermont Smoke and Cure was authorized for VEGI in 2011.

TABLE 6: PROJECTED AND ACTUAL ACTIVITY - SUMMARY
FOR APPLICATIONS CONSIDERED THROUGH DECEMBER 31, 2016

Claim Activity:	2007	2008	2009	2010	2011	2012	2013	2014	2015
Claims Expected:	7	14	22	28	34	32	34	36	39
Incomplete Claims/Did not file/Closed:	0	4	4	6	6	2	1	3	1
Net Claims Included in Projected and Actual Data:	**7**	**10**	**18**	**22**	**28**	**30**	**33**	**33**	**38**

Projected Activity:	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTALS
New Qualifying Employees:	101	213	64	220	361	548	414	327	278	2526
New Qualifying Payroll:	$ 3,438,000	$ 6,942,837	$ 3,849,800	$ 12,703,748	$ 16,659,450	$ 26,325,908	$ 18,791,423	$ 14,482,251	$ 13,372,683	$ 116,566,100
Average Wage:	$ 34,040	$ 32,595	$ 60,153	$ 57,744	$ 46,148	$ 48,040	$ 45,390	$ 44,288	$ 48,103	$ 46,278
New Qualifying Capital Investments:	$ 13,677,077	$ 11,786,270	$ 14,171,000	$ 20,763,000	$ 63,192,599	$ 166,153,840	$ 133,237,344	$ 128,593,320	$ 28,611,664	$ 580,186,114
Est. Incentive Installments to be Paid:	$ 123,712	$ 398,712	$ 497,036	$ 1,031,380	$ 1,590,096	$ 3,016,479	$ 4,137,980	$ 4,573,359	$ 4,625,032	$ 19,993,787
Net Revenue Benefit:	**$ 365,422**	**$ 871,615**	**$ 1,349,256**	**$ 2,122,358**	**$ 3,456,468**	**$ 5,575,627**	**$ 5,034,123**	**$ 3,814,928**	**$ 2,441,259**	**$ 25,031,055**

Actual Activity:	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTALS
New Qualifying Employees:	262	255	265	606	844	806	859	853	773	5523
New Qualifying Payroll:	$ 10,621,976	$ 9,214,052	$ 16,137,468	$ 34,555,726	$ 54,269,760	$ 62,298,865	$ 55,490,232	$ 50,955,135	$ 39,177,270	$ 332,720,484
Average Wage:	$ 40,542	$ 36,134	$ 60,896	$ 57,023	$ 64,301	$ 77,294	$ 64,599	$ 59,736	$ 50,682	$ 56,801
New Qualifying Capital Investments:	$ 22,546,350	$ 13,388,586	$ 28,100,875	$ 47,475,449	$ 121,412,913	$ 262,489,273	$ 128,030,075	$ 59,241,141	$ 88,946,890	$ 771,631,552
Incentives Paid to Companies:	$ 208,653	$ 544,110	$ 654,370	$ 1,249,733	$ 1,852,263	$ 2,903,935	$ 3,751,728	$ 4,217,057	$ 3,473,616	$ 18,855,465
Net Revenue Benefit:	$ 107,660	$ 215,320	$ 753,620	$ 1,643,100	$ 2,580,700	$ 6,282,691	$ 8,785,291	$ 7,769,527	$ 6,546,164	**$ 34,684,073**

VEGI PROGRAM

PROJECTED vs. ACTUAL ECONOMIC ACTIVITY 2007-2015

Chart 6: NEW QUALIFYING JOBS

	PROJECTED	ACTUAL	119%
Through 2015	2526	5523	MORE JOBS

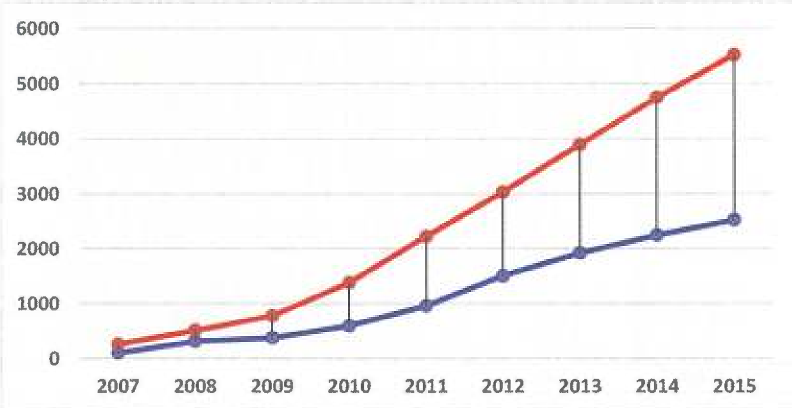


Chart 7: NEW QUALIFYING PAYROLL

	PROJECTED	ACTUAL	185%
Through 2015	$ 116,566,100	$ 332,720,484	MORE PAYROLL

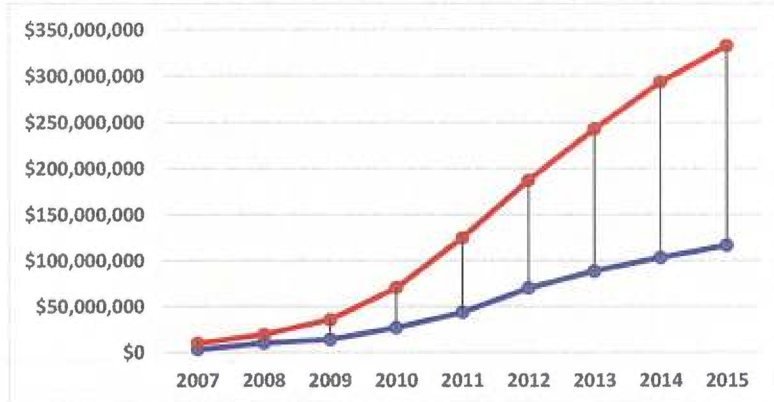


Chart 8: NEW QUALIFYING CAPITAL INVESTMENTS

	PROJECTED	ACTUAL	15%
Through 2015	$580,186,114	$771,631,552	MORE CAPEX

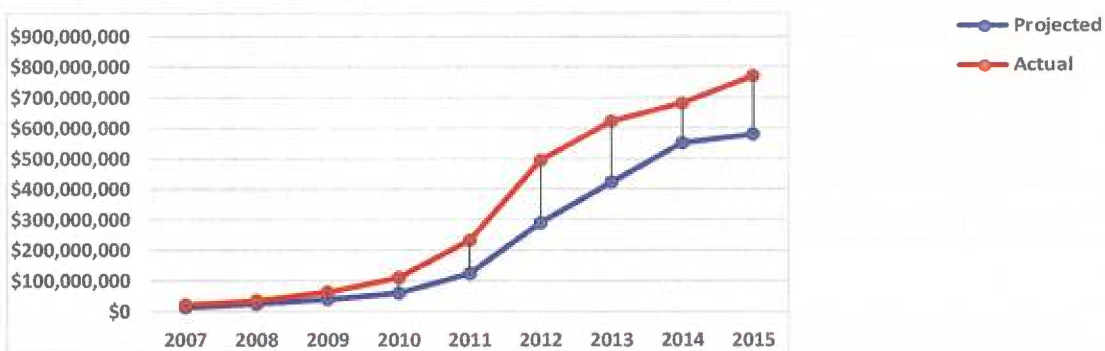


Chart 9: INCENTIVE PAYMENTS

	PROJECTED	ACTUAL	6%
Through 2015	$ 19,993,787	$ 18,855,465	LESS

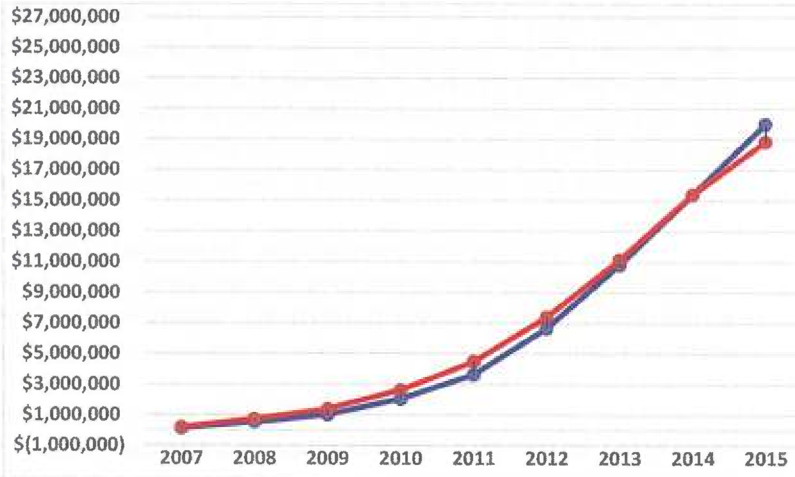
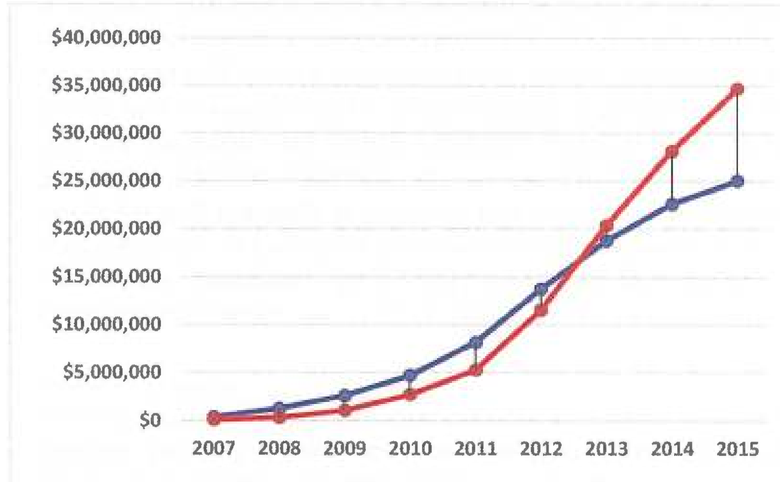


Chart 10: NET REVENUE TO THE STATE

	PROJECTED	ACTUAL	25%
Through 2015	$25,031,055	$34,684,073	MORE REVENUE



EMPLOYMENT MULTIPLIER = 2.2 JOBS

FOR EVERY JOB A VEGI COMPANY CREATES 2.2 JOBS ARE CREATED IN THE VERMONT ECONOMY

ECONOMIC MULTIPLIER = $180 MILLION/YEAR

VEGI COMPANIES SPEND $180 MILLION EACH YEAR WITH OTHER VERMONT COMPANIES

Section 4 of this report illustrates several interesting data points about the 48 active projects in the program. Note that the data presented in charts 11-16 and 19-21 are generated ***only*** by the 48 approved-active applications (not all applications ever considered) and are based on the application projections.

Charts 11 - 16 show data that counters some assumptions that are often made about the program applicants and the projects that are approved. **Charts 17 - 21** are related to regional distribution of incentives and jobs.

Chart 11 shows the wage ranges of the new, qualifying jobs projected to be created between 2007 and 2020, in $10,000 increments. While the largest segment of jobs, at 30% of total, are in the $25,000 - $29,000 range, the chart shows that 46% of the jobs will pay above $40,000 per year. This data shows that the applicants to this program are creating very well-paying jobs, the majority of which far exceed the VEGI Wage Threshold. None of the applicants projected the creation of any jobs at or even near the Vermont minimum wage.

Chart 12 shows the breakdown of jobs projected to be created by various job categories. Predictably, the largest category of jobs is production, at 55% of the total. Other jobs are about equally divided between management, IT, R&D, engineering, and administration/support.

Chart 13 illustrates one aspect of the fringe benefits that are and/or will be offered by the applicant companies. The average of the benefits ratio (benefits as percentage of total compensation) for applicants is 24%. This means that the projected average wage of $44,932, is supplemented by an average benefits package valued at $10,745 for a total compensation of $55,677. All approved applicant companies in the VEGI program pay some portion of employee health care costs. The majority of the companies (62%) cover 76% or more of health care costs for their employees.

Chart 14 shows the size of the company, by number of full-time employees, at the time of application. As the chart illustrates, the majority of the applicant companies are small- to medium-size companies, by Vermont standards. In fact, 28 (58%) of the companies had under 100 employees at the time of application, with 12 (or 25%) of those companies actually having under 20 employees. Only five applicants had 500 or more employees at the time of application. Also, 36 (75%) of the applicants are Vermont-based/owned companies. These are companies that were started by, and are owned by Vermonters and their families.

Chart 15 illustrates the types of economic development projects applying for incentives. It shows 13% of companies are recruitment types that are starting, expanding into or relocating to Vermont. Of these recruitments, 2 were start-ups, 3 were expansions and 1 was a relocation. Seventy-seven percent of all projects were retention/expansion of existing Vermont companies or divisions. Another 6% were start-ups by Vermont entrepreneurs and 4% were re-starts of previously closed companies by new owners. This data, when viewed together with **Chart 14**, indicates that the VEGI program focuses on the retention and expansion of small, Vermont companies rather than the recruitment of large companies to Vermont.

Chart 16 summarizes the type of facility expansions occurring because of the incentives. As the data shows, the program has been very successful in providing incentives for the acquisition and/or re-use of existing buildings in Vermont that are un- or under-utilized. This type of project represents 42% of the active projects. Another 15% did not involve any facility expansion and 29% will expand the facility they currently occupy. A total of 85% of the projects will ***not*** involve building new facilities. Most will involve substantial investment in renovations to facilities, having a very positive impact on Vermont's construction industry. Seven projects (15%) proposed projects that will involve new construction, but all of them will occur within existing industrial or commercial parks or within sites zoned for that purpose.

Charts 17 and 18 show the distribution of population and personal income tax by county in Vermont. These charts are included to provide context for the county distribution of incentives and jobs data shown in **Charts 4 and 19 - 21.**

Charts 19 and 20 show the regional distribution, by county, of the projects and the authorized incentives. There are active projects in every region of the state except Addison and Lamoille Counties. The largest number of applications are from Chittenden County, which is expected as it is the economic engine of the state, the current location of most applicants, and the desired location for most companies recruited to Vermont. VEPC staff makes every effort to educate all regional economic development practitioners about the VEGI program. VEPC staff visits all regions regularly and VEGI informational seminars were conducted in every region at the start of the program.

However, VEPC has no control over where existing Vermont companies (who represent the largest pool of applicants) are located, where new companies want to locate, or from which regions applications are submitted. Additionally, regional boundaries are meaningless to employment at a company. While most employees will come from the immediate area, many Vermonters cross county and regional borders for employment. The extensive business-to-business relationships, exceeding $180 million in value each year, also occur regardless of regional boundaries.

Chart 21 shows the regional distribution of the projected direct, new, qualifying jobs to be created according to project location. As with Charts 19 and 20, there is direct impact in all regions except for Addison and Lamoille Counties. However, Vermonters from all counties will fill these jobs and all regions will benefit from the job creation and capital investments. The projects that have been authorized for incentives will generate an estimated 3,732 indirect jobs all around the State and the companies estimate over $167 million in annual business-to-business (vendor, supplier, customer, and client) interactions with other Vermont companies in all regions of the State.

QUICK DATA FACT #4

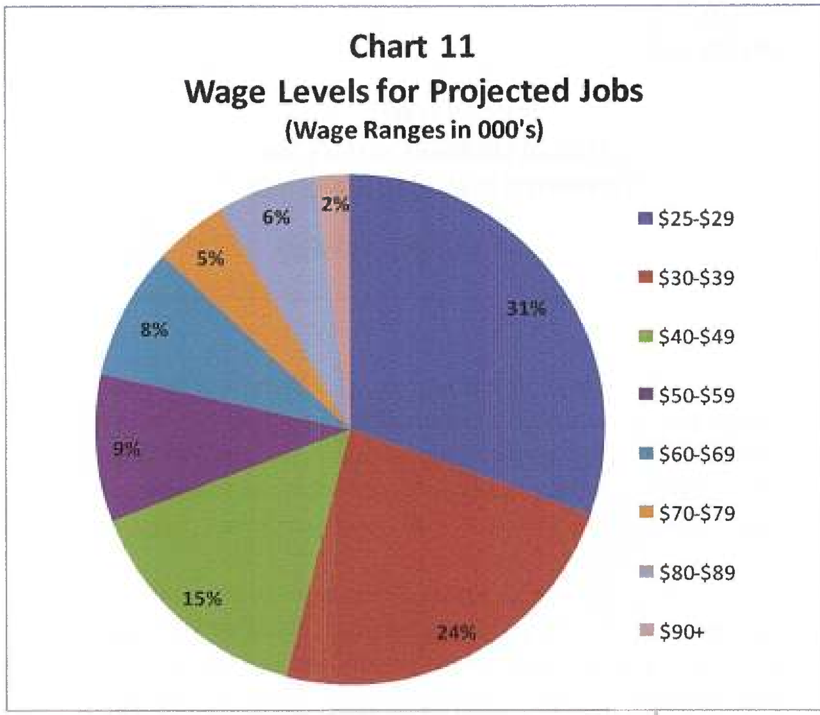
HOW MUCH HAVE VEGI COMPANIES INVESTED IN VERMONT TO DATE? (2007 - 2015)

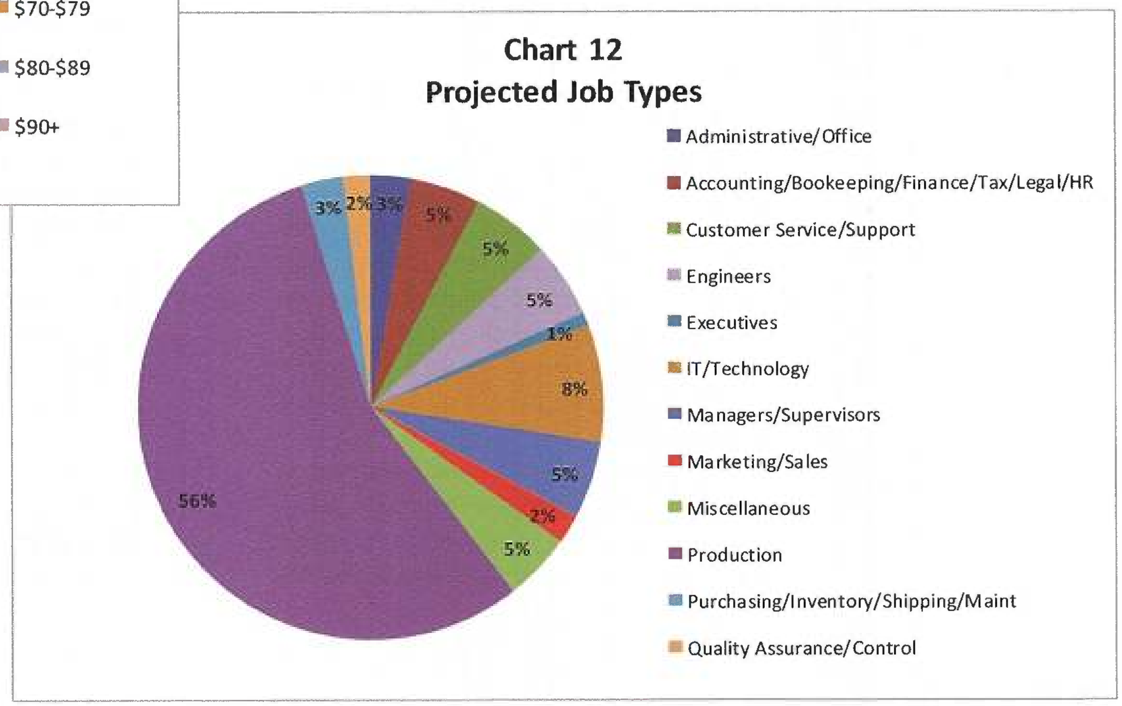
New Qualifying Payroll:	**$332.7 Million**
New Qualifying Capital Investments:	**$771.6 Million**

QUICK DATA FACT #5

Percent of Applicant Companies:

Under 20 Employees: 25%
Under 50 Employees: 40%
Under 100 Employees: 58%





Data includes 48 Approved, Active applications only.

CHART 13
Percent of Health Care Premium Paid by Employer
(By Percent of Total Companies in Each Range)

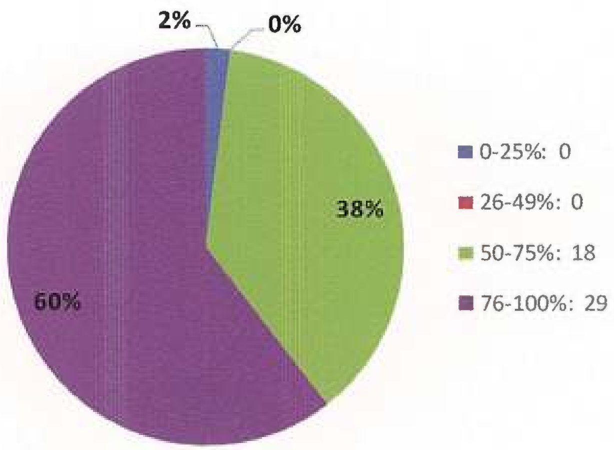
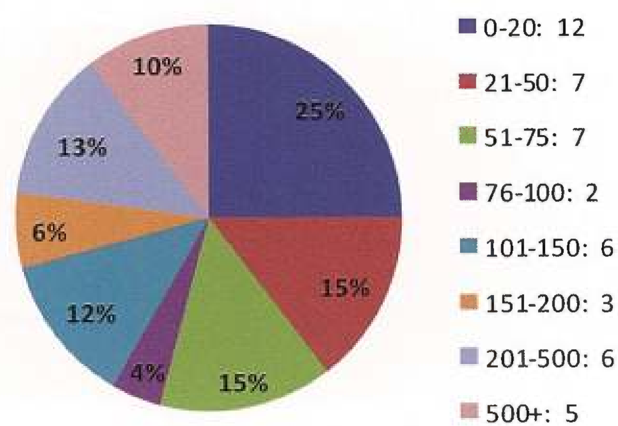
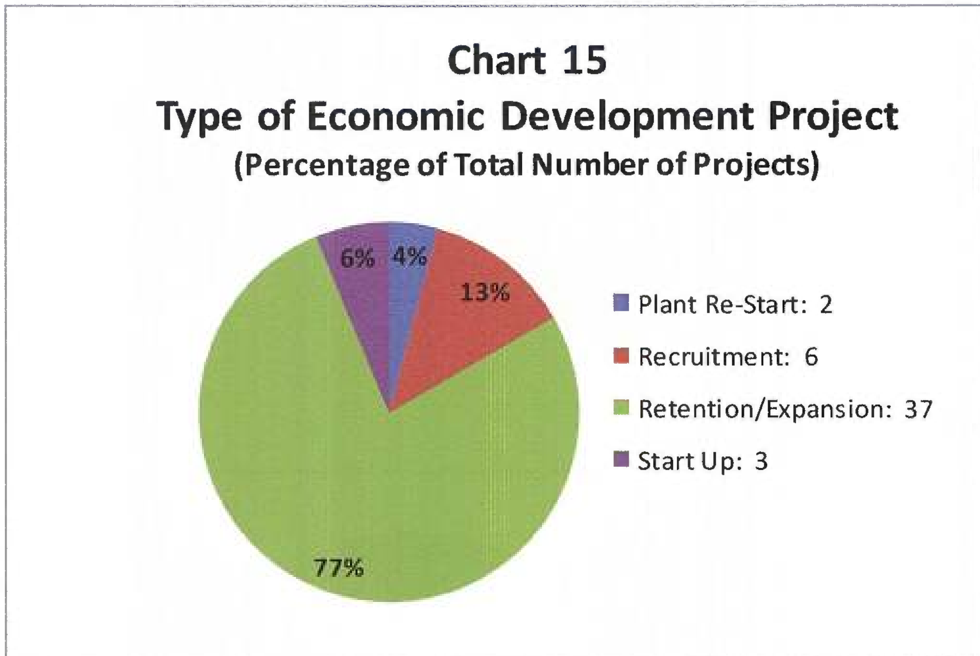
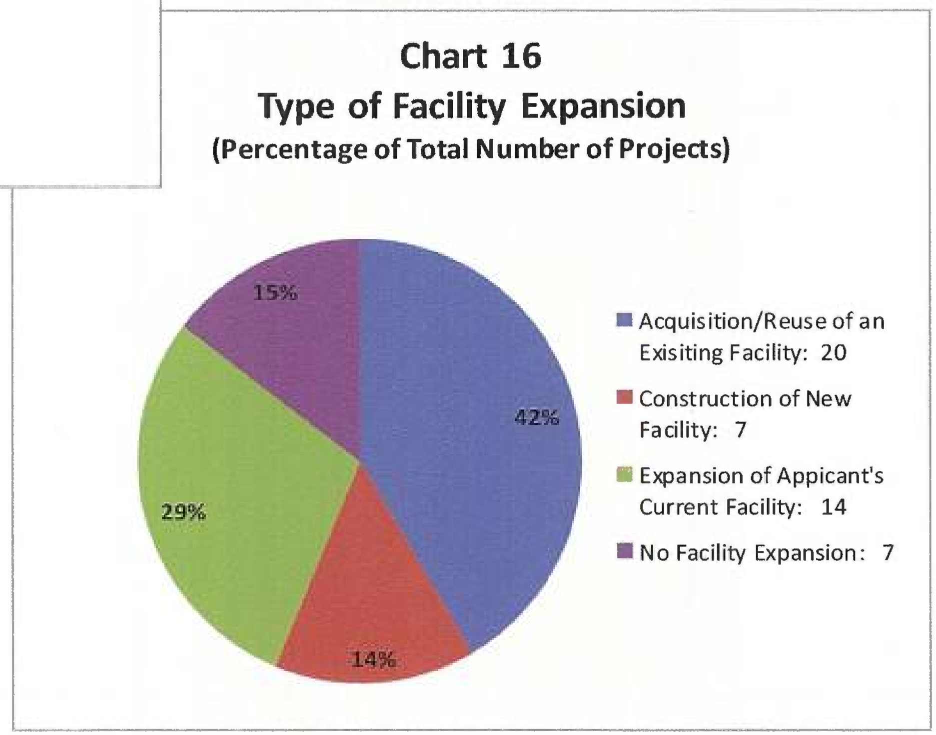


Chart 14
Size of Business
(By # of FT Employees at Time of Application)



Data includes 48 Approved, Active applications only.





Data includes 48 Approved, Active applications only.

Chart 17
2010 Population Census Data

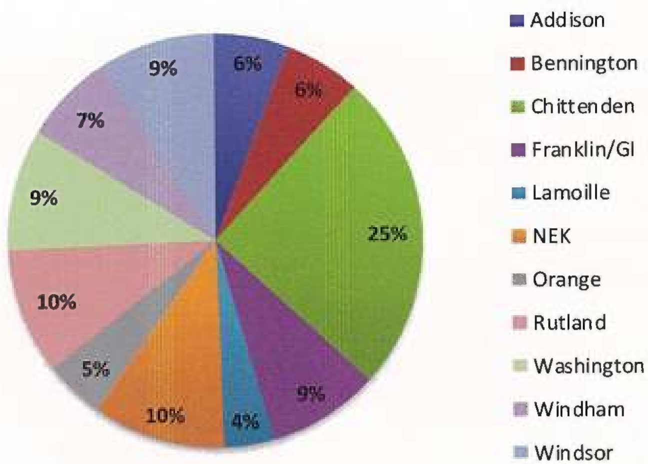


Chart 18
2014 Personal Income Tax
(Percentage of State revenue)

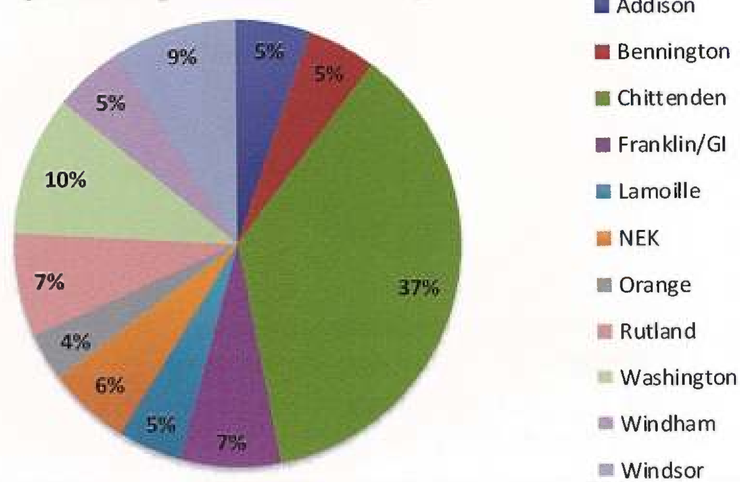
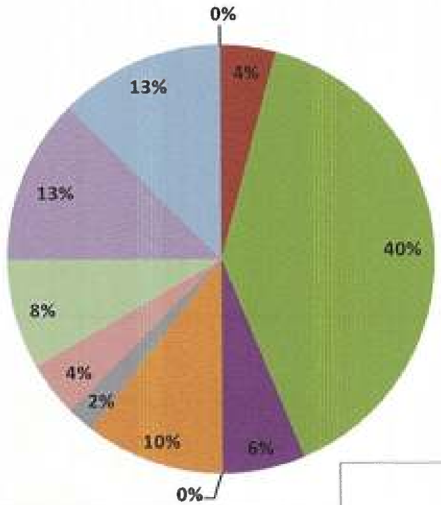


Chart 19
Regional Distribution of Incentives
(By Number of Applications)



- Addison
- Bennington
- Chittenden
- Franklin/GI
- Lamoille
- NEK
- Orange
- Rutland
- Washington
- Windham
- Windsor

Chart 20
Regional Distribution of Incentives
(By Dollar Value of Incentives Authorized)

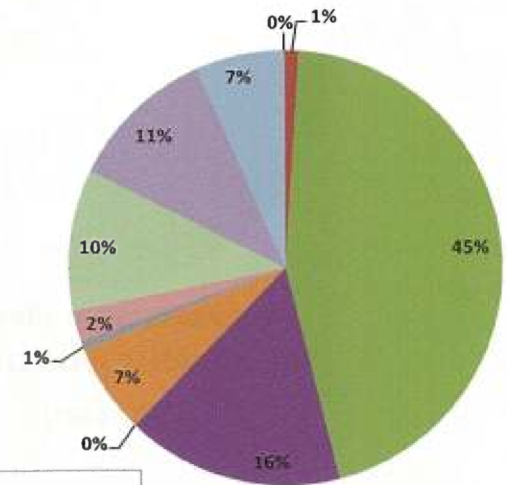
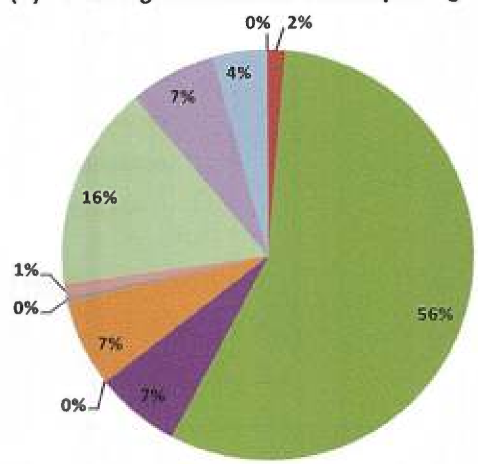


Chart 21
Regional Distribution of Jobs
(By Percentage of Total Jobs Created per Region)



Data includes 48 Approved, Active applications only.

AS OF DECEMBER 31, 2016	2013		2014		2015		2016		2017	
	Benchmark	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark	Actual[17]	Benchmark	Actual[17]
OUTCOME:										
For Incentive Level of:	$ 4,137,980	$ 3,751,728	$ 4,573,359	$ 4,217,057	$ 4,625,032	$ 3,473,616	$ 4,665,663		$ 3,773,150	
New Qualifying Employees (NQE):	414	859	327	853	278	773	195		193	
New Qualifying Payroll:	$ 18,791,423	$ 55,490,232	$ 14,482,251	$ 50,955,135	$ 13,672,683	$ 39,177,270	$ 9,422,086		$ 8,415,275	
New Qualifying Capital Investments	$ 133,237,344	$ 128,030,075	$ 128,593,320	$ 59,241,141	$ 28,711,664	$ 88,946,890	$ 51,885,184		$ 50,214,260	
Net New Revenues to State	$ 5,034,123	$ 8,785,291	$ 3,814,928	$ 7,769,527	$ 2,441,259	$ 6,546,164	$ 2,026,857		$ 2,180,285	
OUTPUT:										
Net Revenue Generated Per NQE	$ 12,160	$ 10,227	$ 11,666	$ 9,108	$ 8,782	$ 8,469	$ 10,394		$ 11,297	
Number of Applications Considered	32	9	33	8	34	10	25	11	20	
EFFICIENCY:										
Budgetary Cost Per NQE	$ 425	$ 210	$ 350	$ 211	$ 425	$ 233	$ 425		$ 425	
Contact to Application Percentage	N/A	N/A	N/A	N/A	N/A	30%	35%	27%		
Contact to Project Percentage	N/A	N/A	N/A	N/A	N/A	12%	15%	12%		

NATIONAL ACCOLADES FOR VEGI PROGRAM

GOOD JOBS FIRST

Independent studies: "Money For Something" and "Money-Back Guarantees for Taxpayers," ranked the VEGI program #1 in US for enforcement, safeguards and job creation and job quality standards.

ENDNOTES	
1	The date indicated is the date the Final Application was considered OR THE Initial Application if a Final Application has not yet been filed. An Initial Application may have been considered at an earlier date.
2	1=No final application was submitted, the initial application was rescinded and no incentives were authorized. 2=Project commenced, but for a certain year, performance requirements were never met and incentives were terminated for that and future years. Some incentives may have been earned and paid out. 3=Project commenced, but company closed or reduced employment below 90% and incentives were terminated. 4=Project commenced, but in a subsequent year company failed to file a VEGI claim and incentives were terminated. 5=Project denied and no incentives were authorized.
3	"Green" indicates incentive enhancement for environmental technology companies. See 32 VSA 5930b(g). LMA Enhancement indicates incentive enhancement for projects in high unemployment, low economic activity areas. See 32 VSA 5930b(b)(5). LBW or Look Back Waived indicates a waiver was approved of incentive reduction due to drop in employment just prior to approval date. See 32 VSA 5930a(c)(1). Ed Tax Stabil indicates applicant chose stabilization of incremental Education Property Tax as incentive instead of, or in addition to, cash payments.
4	Includes Initial and Final Applications.
5	Rescinded: Initial Application approval was rescinded; no Final Application filed. No incentives ever authorized, earned or paid. Terminated: Authority to earn authorized incentives has been revoked. Incentives may have been earned.
6	Breakdown by Green VEGI, Subsection 5 and Lookback Waived categories may not equal Total Applications Considered because applications may fit into more than one category.
7	"Green VEGI" authorizations are those approved for environmental technology companies in accordance with 32 VSA Section 5930b(g).
8	The VEGI program cannot provide incentives for job retention. However, if a Vermont company receives incentives to expand in Vermont, an additional benefit to the State is the retention of current employment.
9	VEGI incentives can only be authorized for new jobs that exceed a statutory wage threshold (160% or 140% of Vermont Minimum Wage, depending on the location). This number represents the new full-time jobs projected which will pay a wage at or under the VEGI wage threshold. The jobs occur because of the incentive, but cannot be counted toward the incentive calculation.
10	Indirect jobs are estimated by the VEGI cost-benefit model according to a multiplier factor for the particular region and sector of the project. These are the jobs created at other businesses in Vermont because of the project receiving the incentive.

ENDNOTES	
11	All new payroll projected as new to Vermont due to the incentive, including for companies recruited to Vermont, is subject to a background growth calculation. This calculation discounts a portion of the new payroll that will be generated because of the incentive according to a factor for each business sector, thereby reducing the level of new payroll that is used to calculate the amount of incentive the applicant can earn. This payroll is considered "background" or "organic" or payroll that would have been created anyway. This number represents the amount of new payroll projected to be created in Vermont because of the incentive program, but for which no incentive will be earned or paid.
12	See Chart 3 for more detail on the level of health care premium paid by employers. This number represents the average percentage of the employee health care premium paid by the applicant companies.
13	This represents an estimate of the level of interaction by applicant companies with other Vermont companies as vendors, suppliers, and customers.
14	Fiscal benefits and costs are estimated by an economic model. Majority of costs and benefits occur during the first five years of each project. The costs include not only the cost of the incentive, but also other revenue costs to the state such as new students in school and other services incurred by adding new people and buildings. Cost to pay incentive, if earned, continues for four years after the incentives are earned. Therefore, State of Vermont receives the benefit of each project before all incentive costs are incurred. The revenue benefits of the new jobs and payroll continue to accrue to the state after the five year earning period, but that benefit is not accounted for in the modeling. Therefore, the net revenue benefit is conservative.
15	Program cap is $10,000,000 for each calendar year, unless increased by a vote of the Emergency Board. Cap balances do not carry forward to the next year. Emergency Board voted to increase the program Cap in 2010, 2011, 2012 and 2015.
16	LMA Enhancement cap is $1,000,000 for each calendar year, unless increased by a vote of the Emergency Board. Cap balances do not carry forward to the next year. Emergency Board voted to increase the LMA Enhancement Cap in 2015 and 2016.
17	Some data not available until next year.

Fred Kenney
Vermont Economic Progress Council
Executive Director
Ph: (802) 777-8192
fred.kenney@vermont.gov

Brian Poulin
Vermont Department of Taxes
Tax Examiner III
Ph: (802) 828-6804
brian.poulin@vermont.gov

Report Produced in-house by the staff of the
Vermont Economic Progress Council
With data support provided by the
Vermont Department of Taxes

III.

VERMONT

Agency of Human Services

Department of Vermont Health Access
Division of Health Care Reform
280 State Drive
Waterbury, VT 05671-1010
[phone] 802-879-5901

MEMORANDUM

TO: Legislative Joint Fiscal Committee; Green Mountain Care Board

CC: Al Gobeille, Secretary, Agency of Human Services
Cory Gustafson, Commissioner, Department of Vermont Health Access
Mary Kate Mohlman, Health Care Reform Director

FROM: Susanne Young, Secretary, Agency of Administration

DATE: August 22, 2017

RE: Health Information Technology Fund Annual Report per 32 V.S.A. § 10301(g)

Background

This memorandum serves as a report on the State Health Information Technology Fund (HIT Fund) in SFY17. The HIT Fund is supported by revenue collected through a .0199% tax paid by insurers on each private health insurance claim.[1] Per 32 V.S.A. § 10301, the HIT Fund generally supports electronic health systems, the health information exchange network (operated by VITL), and the Blueprint for Health and like initiatives in their use of information technology (IT). As legislated, the tax revenue that supports the Fund will sunset on June 30, 2018; however, the tax has been extended by the legislature several times in the past.

Fund Balance

A year-by-year summary of the Fund's activity is included in Table 1, which shows a SFY17 yearend balance of $7.16M. The table includes estimates for the current and upcoming fiscal years. Based on the recent passage of Act 85 and decisions made during the 2017 legislative session, $4.5M of the HIT Fund will be reallocated in SFY18 and SFY19. This represents a funding pressure on the State's ability to further fund Health Care Information Technology initiatives in the future.

Table 1: HIT Fund Balance Since SFY 2009

HIT Fund Balance Since SFY 2009			
SFY	**Receipts**	**Expenditures**	**Balance**
SFY'09	$1,725,505.67	$1,404,447.01	$321,058.66
SFY'10	$2,462,827.92	$127,388.62	$2,656,497.96
SFY'11	$2,877,846.67	$589,401.74	$4,944,942.89
SFY'12	$3,467,955.96	$1,856,814.71	$6,556,084.14
SFY'13	$3,122,198.81	$2,721,643.07	$6,956,639.88
SFY'14	$3,273,051.91	$3,964,254.20	$6,265,437.59
SFY'15	$3,479,090.63	$3,183,500.92	$6,561,027.30
SFY'16	$3,427,185.01	$2,691,172.61	$7,297,039.70
SFY'17	$3,529,856.88	$3,668,533.25*	$7,158,363.33*
Total	**$27,365,519.46**	**$20,207,156.13**	
PROJECTED			
SFY'18	$3,450,000.00	$7,096,064.72	$3,512,298.62
SFY'19	$3,450,000.00**	$7,479,256.88	($516,958.26)**

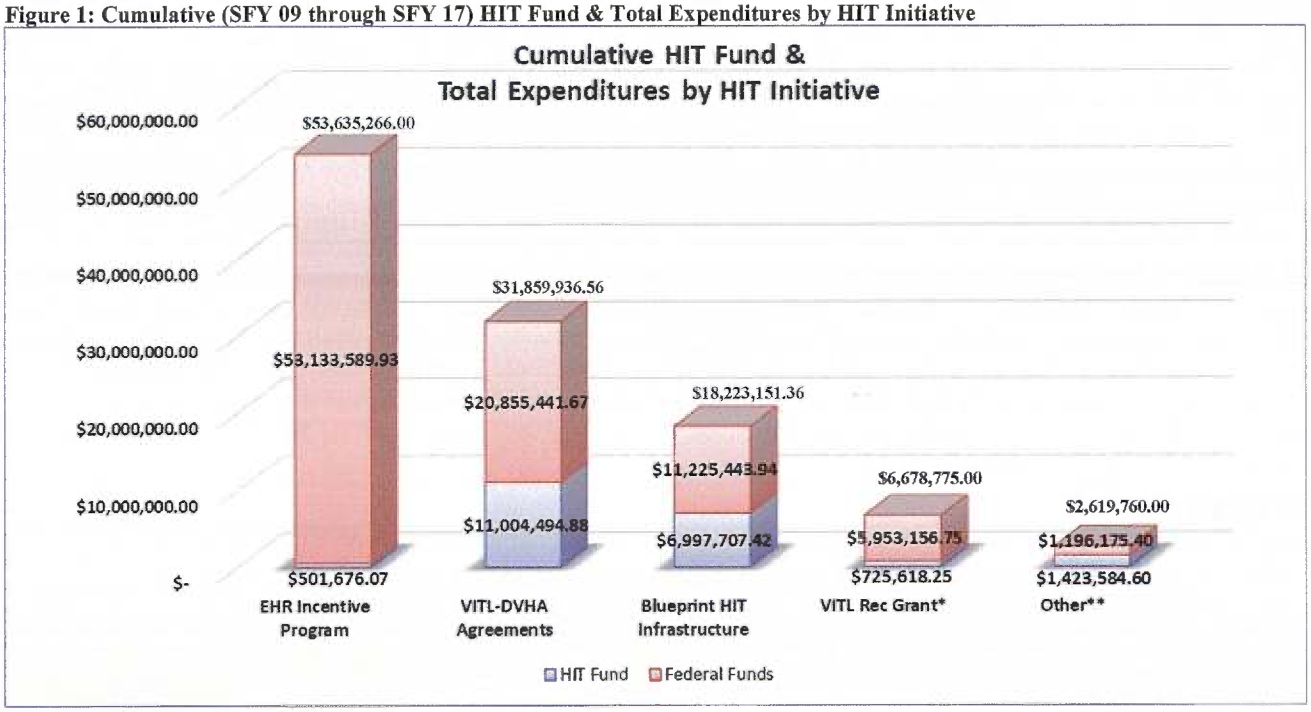
1

32 V.S.A. § 10402 calls for a Health Care Claims Tax in the amount of 0.999 of one percent of all health insurance claims paid by the health insurer for its Vermont members in the previous fiscal year. While .0199% of the collected tax is used for the HIT Fund, the remaining tax revenues are deposited into the State Health Care Resources Fund established in 33 V.S.A. § 1901d.
**Figures based on current spending and revenue patterns and the assumption that the Fund is extended beyond SFY18.

Figure 1 below shows the **cumulative** distribution of the HIT Fund and total expenditures by initiative for SFY 2009 through 2017. The Figure shows the state dollars from the HIT Fund in blue, and the corresponding **total** expenditures (including federal funds) in red. Values referenced in this memo may change due to final year-end adjustments and reconciliations. Since 2009, the State expended $20,653,081.23 from the HIT Fund to support total spending of $113,016,888.91.

It is important to note that, thanks to the federal HITECH Act and the Medicaid Global Commitment Waiver, the State has leveraged the HIT Fund to match federal dollars thus significantly increasing the impact of the Fund. The funding match rates range from 90% to less than 50% depending on the type of activity and who it ultimately benefits, and some activities, such as those related to the State Innovation Model and the Electronic Health Record Incentive Payment program, were 100% federally funded.

Figure 1: Cumulative (SFY 09 through SFY 17) HIT Fund & Total Expenditures by HIT Initiative

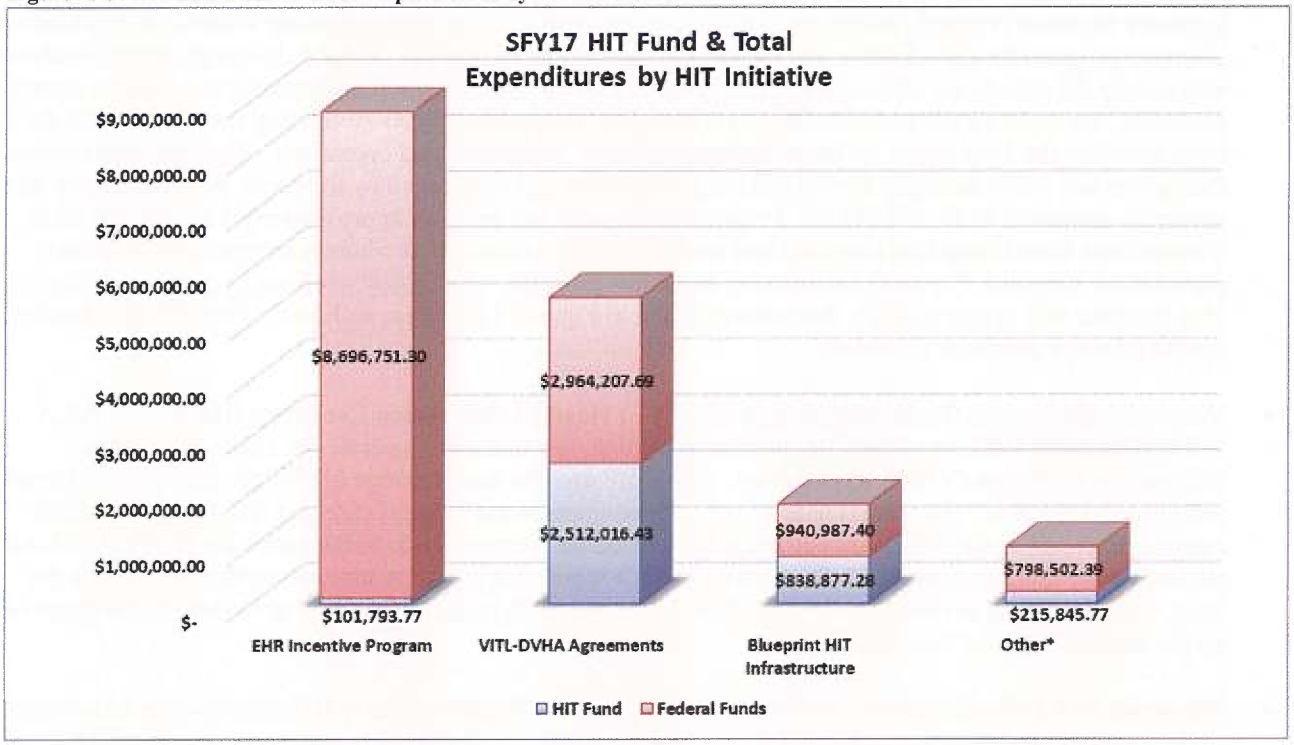


*VITL Rec Grant funding was an original federal funding source created to support the establishment of Health Information Exchanges nationwide. This funding expired in 2014.
**Includes funding for Health-IT projects conducted by Bi-State Primary Care, the Vermont Department of Health, amongst others.

Federal HITECH Act funding for the Electronic Health Record Incentive Payment program is slated to expire in FFY 2021; it is understood that the same funds used for health information exchange/IT will also expire at that time. Over the life of the HITECH Act, Vermont and peers in other states have continually built upon federal investment opportunities and grown federal support year-over-year. The ability to maximize the federal match rates has accelerated projects, which span fiscal years. Therefore, investment requests from programs like the Blueprint for Health or VDH's Immunization Registry have grown over time. Due to this acceleration, CMS is working with States to determine how to leverage other funding streams (at lower match rates) for continued maintenance activities.

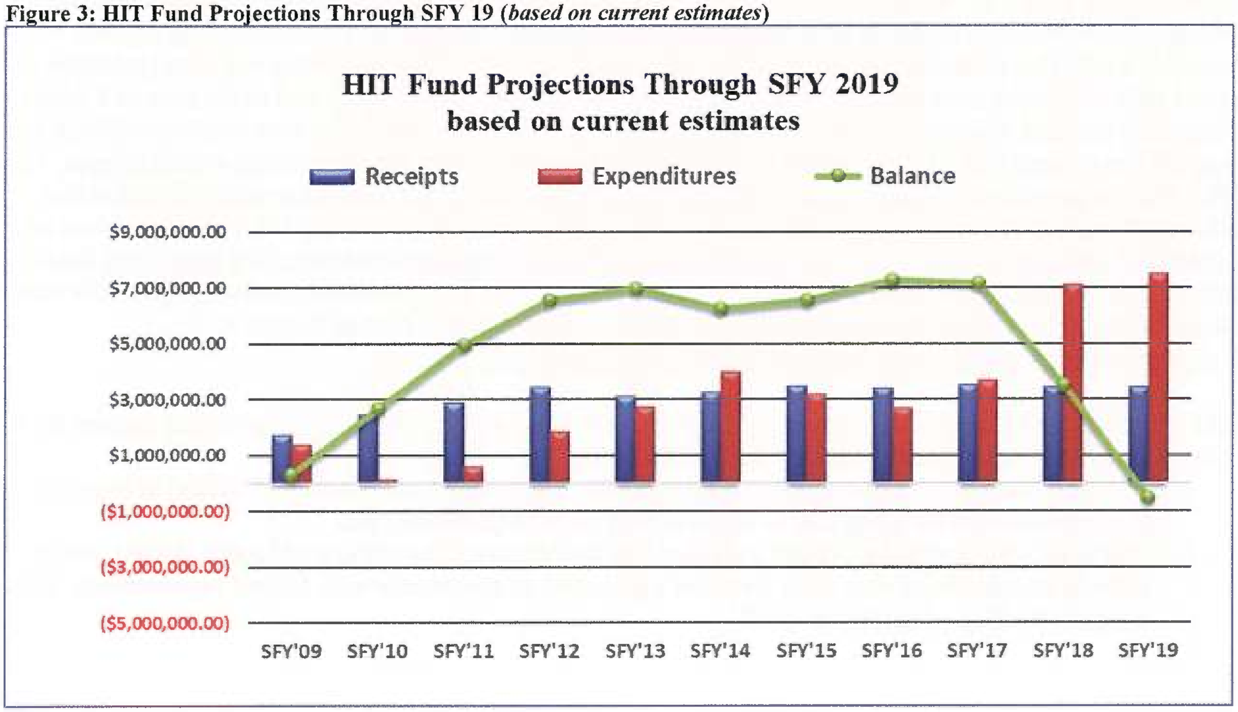
The following graph shows a similar distribution of the HIT Fund and total expenditures by initiative for SFY17 specifically. In SFY17, the State expended $3,668,533.25 from the HIT Fund to support total spending of $17,068,982.

Figure 2: SFY17 HIT Fund & Total Expenditures by HIT Initiative



The following graph shows the Fund's actual and projected receipts, expenditures, and balance through SFY19.

Figure 3: HIT Fund Projections Through SFY 19 (*based on current estimates*)



Fund Activities
In SFY17, the following projects/initiatives were supported by the HIT Fund (See Appendix 1 for further details):

- **Electronic Health Records (EHR) Incentive Payment Program** – The HITECH Act supports the EHR Incentive Payment Program, which states can choose to participate in by establishing a state-specific Medicaid incentive program for the adoption and meaningful use of this technology. Eligible hospitals and professionals who satisfy the criteria for attestation (meaning that they have met federal requirements) can receive incentive payments. Vermont's EHR Incentive Payment Program is supported by 90/10 funding from CMS with the HIT Fund covering the 10% match for State program software, personnel, and operations. The incentive payments themselves are 100% federally funded but are drawn down and distributed by the State. In SFY17 these direct payments amounted to \$8,798,545.06. To date this program has paid out approximately \$53,635,266.00 to Vermont and New Hampshire hospitals and professional providers, all of whom are registered Medicaid providers in Vermont. For more information about this program, visit: http://healthdata.vermont.gov/ehrip. This program will expire in 2021. Amounts reported in Figures 1 and 2 are inclusive of the 100% federally funded provider incentive payments.

- **Vermont Information Technology Leaders (VITL) Health Information Exchange (HIE)** – 18 V.S.A. §9352 designates VITL, a private non-profit corporation, to exclusively operate the statewide Health Information Exchange (VHIE) for Vermont. The VHIE enables the exchange of clinical data from electronic health record systems. This data is used to support providers at the point of care and for population health measurement and analysis by third parties such as OneCare Vermont and the Blueprint for Health. VITL has received State funding since 2005. Because of VITL's legislative authority and partnership status with the State, their funding is reviewed and renewed on an annual basis by DVHA as well as reviewed and approved by the Green Mountain Care Board.

- **Blueprint HIT Infrastructure** – The Vermont Blueprint for Health has made HIT investments for several years to support the program's goals and requirements. The largest of these investments has been for the development and operation of the Blueprint Clinical Registry (BPCR). In collaboration with Vermont's State Innovation Model (SIM) Program, the Blueprint migrated the registry system and data to VITL's infrastructure. In SFY17, the HIT Fund continued to support the program's clinical and claims data analytics within the BPCR. These analytics helped produce Practice Profile reports, which use data derived from Vermont's all-payer claims database as well as clinical data from the VHIE, allowing individual practices to assess their utilization rates and quality of care delivered compared to local peers and to the state as a whole. These data are used to assist their data quality improvement efforts. The Blueprint also creates profiles at the hospital service area (HSA) level, which is an aggregation of the profiles for all practices within an area. These HSA Profiles provide data comparing utilization, expenditures, and quality outcomes within an individual HSA to all other HSAs and the statewide average. The regular production of timely HSA profiles across all payers and featuring Accountable Care Organization (ACO) core measures and other key population health indicators is serving as a starting point for community wide quality improvement initiatives. More information about the Blueprint and its HIT initiatives can be found in the program's Annual Report at http://blueprintforhealth.vermont.gov/reports_and_analytics/annual_reports.

- **HIT Planning and Support Agreements** – Utilizing HIT Fund dollars, the State has provided support for the following HIT activities. See Appendix 1 for further detail.
    - Bi-State Primary Care Association to aid Federally Qualified Health Centers (FQHCs) in targeting clinical outcomes by using data to improve their internal processes; and
    - The State's Immunization Registry managed by the Vermont Department of Health (VDH), which collects immunization data from Vermont's providers in accordance with federal requirements. This includes funding of operations staff.

Additional Considerations

Based on the current state of the Fund, the legislature may consider the following:

1. Section 15 of Act73 of 2017 required that AHS conduct a study of how the State funds, plans for, and supports health information exchange and health-IT. This study will produce a legislative report no later than November 15, 2017. The study will include recommendations about the future of the HIT Fund and the focus of Vermont's investments.

2. The federal government supported Vermont's Health IT infrastructure in SFYs 15,16, and 17 via federal State Innovation Model Test (SIM) funds, which did not require a State match. SIM funds are no longer available.

3. There is a modest tension between how the HIT Fund is supported and Vermont's policy goals. The HIT Fund is supported by a tax on health care claims. Vermont has a policy goal of moderating health care costs, which would reduce health care claims. This may moderate revenue to the Fund.

4. The mix of federal funding sources for health information technology investments may change over time. Vermont's 1115 Global Commitment Waiver renewal requires Vermont to restructure the funding source of certain investments, formerly known as MCO Investments. CMS requested these changes to better align all section 1115 waivers across the country. Related MCO investments will ultimately be reduced to zero (by CY19), but a 50% match will continue to be available through federal Medicaid Administration support. Where appropriate, the state will continue to move expenses to federal funding requests or use HIT Fund dollars to directly support activities. HITECH funding is slated to expire in 2021.

APPENDIX 1: SFY 17 Grants and Contracts Which Leverage the HIT Fund

The table below lists the grants and contracts supported in SFY 17 with HIT Funds. The amounts listed are totals for each agreement and in each case, include a mix of federal and State dollars (several different match rates are involved depending on the funding source and eligibility criteria). As noted, some of the agreements span more than one fiscal year therefore the totals here do not necessarily match the SFY expenditure amounts listed earlier in the report.

Grantees/ Contractors	FY 17 Agreement Amounts	Summary
Vermont Information Technology Leaders (VITL)	$4,965,693.20	Grant for core operations and management of the VT Health Information Exchange Network (VHIE) and related products and services.
Vermont Information Technology Leaders (VITL)	$1,187,562.00	Contract for VHIE development and expansion projects. This contract leveraged HITECH Act dollars.
Bi State Primary Care Association	$280,000.00	Grant to provide health information technology data analysis, quality improvement, data quality, and project management support to Vermont health centers and the State's Health Reform initiatives.
Onpoint Health Data – Blueprint for Health	$553,772.97	Contract for analysis and reporting regarding healthcare spending, healthcare utilization, healthcare quality measurement, and healthcare outcomes (healthcare analytic services) for the Blueprint for Health program.
Cathedral Square Corp. – Blueprint for Health	$205,000.00	Grant to provide infrastructure and staffing to maintain and enhance Docsite functionality and process improvement in the Support and Services at Home (SASH) system as part of the Blueprint's electronic health IT infrastructure.
Cumberland Consulting - Vermont Department of Health	$566,000.00	Support for the quality management of data in the State's Immunization Registry. HIT Fund dollars were also used to match federal 90/10 to support five VDH staff members dedicated to public health reporting, one of the HITECH Act's Meaningful Use components.
Capital Health Associates – Blueprint for Health	$1,298,851.73	Contract that provides data quality project management and consulting services to the currently ongoing statewide end-to-end data quality and transmission initiatives (Blueprint "Sprint"). Also supports on-going operations and maintenance of the BPCR.

IV

Report to

The Vermont Legislature

GENERAL ASSISTANCE EMERGENCY HOUSING REPORTS

In Accordance with 2017 Act 85, Sec E.321.2

An act relating to making appropriations for the support of government

and 33 V.S.A. § 2115

Submitted to: House Committee on Appropriations

House Committee on General, Housing and Military

House Human Services

Senate Committee on Appropriations

Senate Committee on Health and Welfare

Joint Fiscal Committee

Submitted by: Ken Schatz, Commissioner, DCF

Prepared by: Geoffrey Pippenger, Economic Services Division

Report Date: September 1, 2017

VERMONT

AGENCY OF HUMAN SERVICES

Table of Contents

Executive Summary

The Economic Services Division's General Assistance Program is established through 33 V.S.A. §2103 and provides, "Consistent with available appropriations, the Department for Children and Families shall furnish General Assistance under this chapter, except as provided below, to any otherwise eligible individual unable to provide for the necessities of life for the individual and for those whom he or she is legally obligated to support."

As a part of the 2017 Appropriations Act (H.518) (which was codified in 33 V.S.A. §2115) , the General Assembly directed the Department for Children and Families (DCF) to report on the General Assistance Program on or before September 1 of each year to the Joint Fiscal Committee; the House Committees on Appropriations, on General, Housing and Military Affairs, and on Human Services; and the Senate Committees on Appropriations and on Health and Welfare. The report shall contain the following:

(1) *an evaluation of the General Assistance program during the previous fiscal year;*
(2) *any recommendations for changes to the program;*
(3) *a plan for continued implementation of the program;*
(4) *statewide statistics using deidentified data related to the use of emergency housing vouchers during the preceding State fiscal year, including demographic information, client data, shelter and motel usage rates, clients' primary stated cause of homelessness, average lengths of stay in emergency housing by demographic group and by type of housing; and*
(5) *other information the Commissioner deems appropriate.*

Below and in the appendices are data and information related to these statutory mandates.

General Assistance Housing Program Management

Intake and eligibility for General Assistance emergency housing is determined in each of the Economic Services Division's (ESD) 12 district offices. Emergency housing has three primary paths for eligibility:

- **Catastrophic** - experiencing homelessness resulting from flood, fire, natural disaster, constructive eviction, court-ordered eviction, and experiencing domestic violence.
- **Vulnerable** – experiencing homelessness and having a child under six (6), being over the age of sixty-five (65), being in receipt of Social Security disability benefits, or being in the third trimester of pregnancy
- **Cold Weather Exception (CWE)** – self-identified as being without shelter when the ambient air temperature or windchill overnight is predicted to be less than 20 degrees Fahrenheit or the temperature is predicted to be less than 32 degrees Fahrenheit with a greater than 50% chance of precipitation.

Vermonters seeking emergency housing apply at the local ESD office where they are seen for an intake interview and eligibility determination the same day. Emergency housing applicants are seen on a first come, first serve basis. Vermont 2-1-1 handles after-hour and weekend calls. Applicants seeking emergency housing after hours or on weekends are provisionally housed by Vermont 2-1-1 if they meet basic eligibility criteria. They are then required to go to an ESD office to receive subsequent emergency housing authorization. Those who fail to appear in the ESD office are denied additional housing until they comply with this program requirement.

Local ESD offices communicate daily with 2-1-1 and local homeless shelters. Each morning, ESD staff contact local shelters to learn the number of available beds for that night. This information is shared at the end of each day with 2-1-1 so that they know which shelters have available beds. This system works well and assures that shelters, where they exist, remain the first resource for homeless families and individuals needing emergency shelter.

Alternatives to Motel Vouchers and GA Community Investments

With a high level of coordination and communication between Economic Services and local shelters (partial-year warming and year-round), ESD seeks to manage the number of motel vouchers issued by accessing local resources which offer alternatives to motels. This coordination and communication helps reduce cost and offer enhanced services to homeless families and individuals. It also ensures that placement in motels without supports or services is a last resort. ESD policy is to refer to clients to shelter first and then arrange motel accommodations in cases where there is no local shelter space available. Prioritization of emergency housing referrals for persons experiencing homelessness in Chittenden County is currently to shelter first, then Harbor Place, and then motel. In other regions, family, individual, and warming shelters continue to play a significant role in providing bed capacity and options within the local homeless Continuum of Care.

Current program resources include:

I. *Harbor Place:*

On November 1, 2013, the Harbor Place transitional program (Harbor Place) began sheltering and serving its first households. The facility was opened under the management of Champlain Housing Trust with significant financial investment from DCF. These funds supported renovating the facility from its former use as a motel and secured DCF access to 30 rooms at a cost of $38 per night. This arrangement guarantees ESD a minimum number of beds in Chittenden County at about 40 percent savings compared to motel costs. Additionally, community partners such as Champlain Valley Office of Economic Opportunity (CVOEO), Steps to End Domestic Violence, and Safe Harbor have committed case management and other resources to help Harbor Place residents identify and address underlying needs and barriers to securing housing. Establishment and utilization of Harbor Place has also opened the door for other community partners such as UVM Medical Center as a safe option for discharge and other communities around the state to explore similar arrangements.

Aside from the services Harbor Place provides ESD clients and partners, it has been an extremely cost-effective model. In addition to the 30 contracted rooms, Harbor Place has 20 rooms potentially available at an average cost of $38 per night. The average Burlington area motel costs $78 per night. Given Burlington's stature as a population center in the state, this reduced rate contributes toward mitigating the overall spend for emergency housing out of the Burlington District Office. For FY17, a total of 9,536 contracted nights at Harbor Place were granted. During the months of November through April, 581 nights of emergency housing were granted under CWE at Harbor Place. Moreover, Harbor Place has received awards and recognition, both local and national, for being an effective community-based strategy to address homelessness.

II. *GA Funded Community Based Investment – Alternatives to Motel Vouchers:*

In August 2015, the Department for Children and Families issued a memo inviting community-based organizations to offer proposals for alternative crisis bed capacity and service delivery models to decrease reliance on motels to meet emergency shelter needs. DCF provided data on GA motel voucher usage by district and eligibility for the previous year, and met with local homeless Continua of Care to answer questions and provide technical assistance based on the AHS adopted Family Connections framework from the US Interagency Council on Homelessness. Proposed alternatives were expected to bring cost savings to the state through stronger outcomes for families and individuals, more effective service connections, and general cost comparison. All proposals were expected to meet DCF shelter standards as well as form close referral partnerships with the local Economic Services Division.

In FY17, there were fifteen (15) GA Community Investments across the state. The alternatives to motels ranged from seasonal warming shelters to emergency housing apartments and motel pools with case management for survivors of domestic violence. Of note are the GA Community Investments operated by three domestic violence organizations. Utilizing a block grant model and working closely with the local ESD district office, these organizations manage a pool of funds for motel stays and serve all victims of domestic violence who are eligible for GA. These initiatives proved particularly successful as they decreased the average length of stay in motels from 84 nights to approximately 22 nights. This substantial decrease provided cost savings – and more importantly provides a better service to clients through an immediate connection to case management services.

III. *Warming Shelters:*

With AHS and DCF support, several communities set up local warming shelters for homeless individuals to have a warm and safe place to sleep. In total, DCF currently supports eight warming shelters located in Middlebury*, Springfield*, Brattleboro, Bellows Falls* area, Hartford, Barre, Burlington, and St. Johnsbury. Included in these resources is the 35-bed, behavior-based warming shelter in Burlington operated by Safe Harbor (a program of the Community Health Centers of Burlington) and funded as a GA Community Investment.

The increased need for day shelters in communities with warming shelters is ever more apparent as people, often with medical needs, experiencing homelessness require a warm, safe place during the day.

* *These programs are not exclusively funded with GA funds.*

Evaluation of the GA Emergency Housing Program

(1) *an evaluation of the General Assistance program during the previous fiscal year;*

The GA emergency housing program has continued to face challenges regarding utilization and spending. The continued pressures on capacity and resources indicate that homelessness continues to be a significant problem in Vermont. The Point-In-Time (PIT) count data for 2017 showed an increasing incidence of homelessness outside of Chittenden County. Additionally, both domestic violence and disability continue to be leading categories through which applicants are deemed eligible for temporary housing through ESD. Over the past two years we have seen an overall upwards trend in the number of unduplicated households served through the GA emergency housing program.

GA Temp Housing	FY 2016	FY 2017
# Applications	13,262	15,084
# Applications Granted	8,697	10,082
Unduplicated Utilization	2,117	2,289

The unpredictability of weather makes budgeting an extremely challenging exercise. This past winter was colder than the previous, and, consequently, more nights qualified under the Cold Weather Exception (CWE). This manifested as a dramatic increase in spending under CWE, almost doubling from approximately $344,00 in FY16 to approximately $674,000 for FY17.

Of particular concern in FY17 were the continued increases in utilization and spending in the Barre and Rutland District Offices. Numbers of unduplicated households served in the Barre District Office increased from 233 in FY16 to 309 in FY17. Numbers of unduplicated households served in the Rutland District Office increased from 450 in FY16 to 491 in FY17. It's worth noting that the Rutland County Women's Network has now begun to realize savings through their strong coordination and case management efforts as well as their successful negotiations with area motels for a low rate. Despite these gains, there was still an increase in the overall spending and utilization in Rutland.

As such, the legislature directed DCF to work with the Rutland and Barre districts to assist those communities with siting seasonal warming shelters. A total of $600,000 was appropriated to support this effort. During the summer, DCF has been meeting with stakeholders and providers in both communities to follow the Legislature's directive to identify and stand up additional shelter capacity in preparation for the coming winter. A report will be submitted to the Joint Fiscal Committee on or before September 15th with a more detailed update.

(2) *any recommendations for changes;*

The DCF Housing Team has noted demonstrable success for the sister agencies in Brattleboro, Bennington, and Rutland who have worked with ESD to take over and manage DV motel pools. ESD will continue to work with other domestic violence organizations across the state to identify similarly effective ways to decrease survivors' reliance on motels while increasing their access to case management and services.

The GA Program is now 40 years old. Over the past 18 months, we have been examining in depth the benefits, process, and procedures of the program. ESD is analyzing potential modifications to GA rules and a possible program restructuring to better serve Vermonters and create an easier program for ESD to administer. Simultaneously, this offers an opportunity to identify how the GA program could be more cost effective and efficient. ESD has undertaken this task with diligence and in the spirit of Continuous Quality Improvement (CQI) embraced by ESD. We anticipate continuing this work to ascertain how ESD can provide a better service for the Vermonters we seek to help as well as a simpler program for staff to administer.

(3) plan for continued implementation

ESD will continue to operate the GA program in accordance with current rules and procedures. Recognizing that we can always do better, the Department will continue to look for ways to expand GA Community Investments, leverage the experience and resources of community partners, and ensure that the GA program provides a critical social safety net as the program of last resort.

Emergency Housing Data Collection Processes

The 12 ESD district offices collect the following data daily and submit a weekly spreadsheet to ESD central office for a monthly and year-to-date statewide compilation:

- Total number of emergency housing requests
- Emergency housing requests granted/denied
- Number of singles granted/denied housing
- Number of families granted/denied housing
- Number of adults and children in households requesting and granted housing
- Number of eligible catastrophic requests/number granted
- Number of categorically-eligible vulnerable population requests/number granted
- Number of eligible vulnerable requests/number granted
- Total number of nights authorized/average cost per night/total cost for authorized nights
- Number of Cold Weather Exception grants/number of adults granted under CWE/number of children granted under CWE
- Number of Cold Weather Exception nights authorized/average cost per night/total cost for CWE nights authorized

The data described above are collected manually in the district and central offices as DCF's ACCESS system is not designed to collect this data. Payments for emergency housing are made based on motel billing through ESD authorization forms. Once billing is received from a motel by ESD, the local district office authorizes payment through the ACCESS system which generates payment to the motel. The Department for Children and Families' Business Office generates a monthly report reflecting all payments made for emergency housing.

Statistics and Data

The expedited vulnerable population rules for emergency housing in effect July 1, 2013 were adopted as final effective March 28, 2015. A summary of emergency housing requests, including catastrophic and vulnerable populations, for the period of July 2016 to June 2017 follows:

- **15,084** emergency housing applications were received, of these:
  - **10,082** were granted; **5,002** were denied.
  - **7,301** singles were granted; **3,856** singles were denied.
  - **2,781** families were granted; **1,145** families were denied.
  - Of the **17,015** adults in households requesting emergency housing; **11,428** were granted.
  - Of the **6,983** children in households requesting emergency housing; **4,928** were granted.
  - **2,712** applications were found eligible under the catastrophic criteria.
  - **1,762** applications were found eligible under the vulnerable population criteria.
  - **37** applications were found eligible under vulnerable points (see eligibility criteria).

  38,378 bed nights were paid for at an average cost of **$73.79**/night.

  9,504 bed nights were contracted through Harbor Place.

Cold Weather Exception

The following data reflects the Cold Weather Exception (CWE) nights for FY17. The first CWE night for this period occurred on November 11. There was a total of 108 CWE nights during the fiscal year – 63 were due to temperatures less than 20 degrees Fahrenheit, 102 days due to wind chill readings lower than 20 degrees Fahrenheit, and 31 days due to a chance of precipitation greater than 50% with a temperature less than 32 degrees Fahrenheit. This represents an increase from FY16 which only saw a total of 96 days. Over 50% of approved applications for emergency housing were done so under CWE, amounting to an estimated total spending of $671,567.

Conclusion

This report demonstrates that the Department successfully deployed emergency housing benefits to meet the need in FY17. However, as has been the case in previous reports, the need and cost for emergency housing continues to increase beyond our alternative measures.

Our State and community partners have acknowledged that, while motels may meet the need for a temporary roof overhead, it is not good public policy for reducing homelessness in Vermont. The work to identify and analyze community needs; inventory local resources; develop the needed infrastructure to streamline access to housing help; and spur community-based alternatives to motels continues. As more GA Community investments come online, existing projects continue to build their capacity and streamline systems. Despite some of the fiscal challenges associated with shifting models, ESD will continue to identify ways in which we can leverage the resources and expertise in local continua of care to provide better and more cost effective assistance to vulnerable Vermonters. Likewise, ESD continues to work with other partners within the Agency of Human Services to limit duplication of services and more effectively administer our programs as part of the system of care.

We continue to assert that this approach creates a more effective, efficient emergency housing program within the range of AHS initiatives to prevent and alleviate homelessness.

APPENDIX A: Aggregate GA Housing (July 2016 – June 2017)

Total # Housing Requests	15,084
# of Housing Requests Granted	10,082
# of Housing Requests Denied	5,002
# Singles Granted Housing	7,301
# Singles Denied Housing	3,856
# Families Granted Housing	2,781
# Families Denied Housing	1,145
# of Adults Granted	11,428
# of Children Granted	4,928
Catastrophic Granted	2,712
Auto. Vulnerable Granted	1,762
Points Vulnerable Granted	37
Total # of Uncontracted Nights Granted Under Catastrophic and Vulnerable	29,242
Average Cost per Night	$73.79
Estimated Total Costs	$2,157,796.88
CWE	5,565
# Adults	6,241
# Children	1,409
Total # of Uncontracted Nights Granted Under CWE	9,136
Average Cost Per Night	$73.51
Estimated Total Costs	$671,567.48

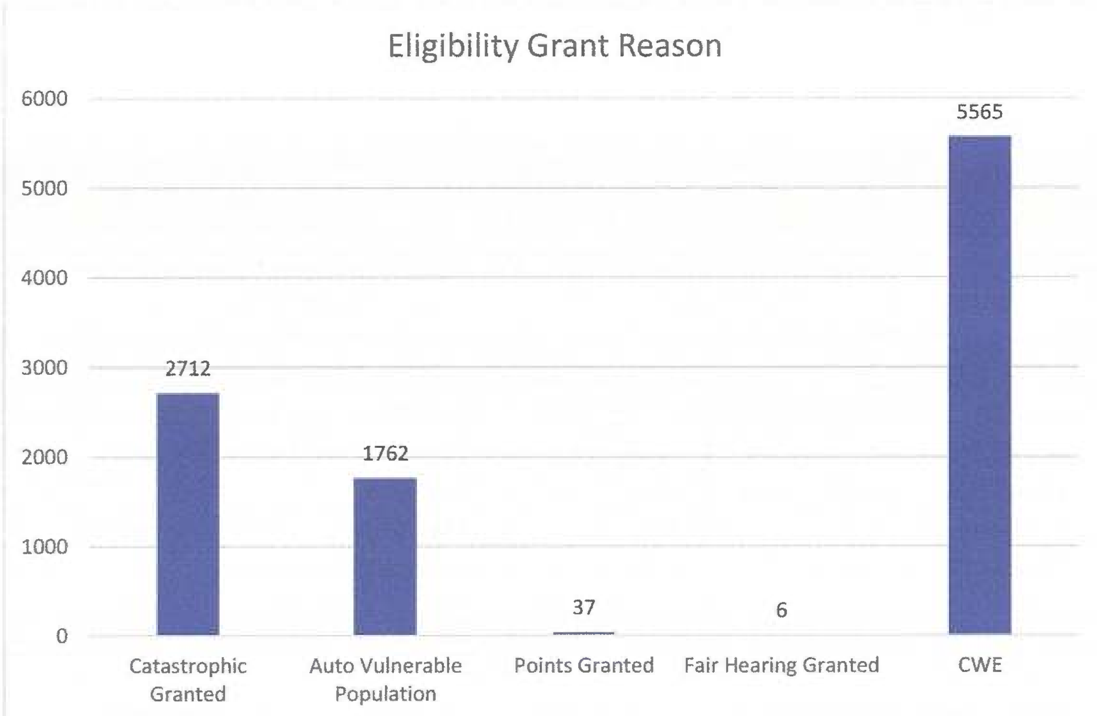
- Total # of Harbor Place Nights: 9,536
- Total # of CWE Harbor Place Nights: 581
- "Uncontracted nights" denote those exclusive of the Harbor Place contract

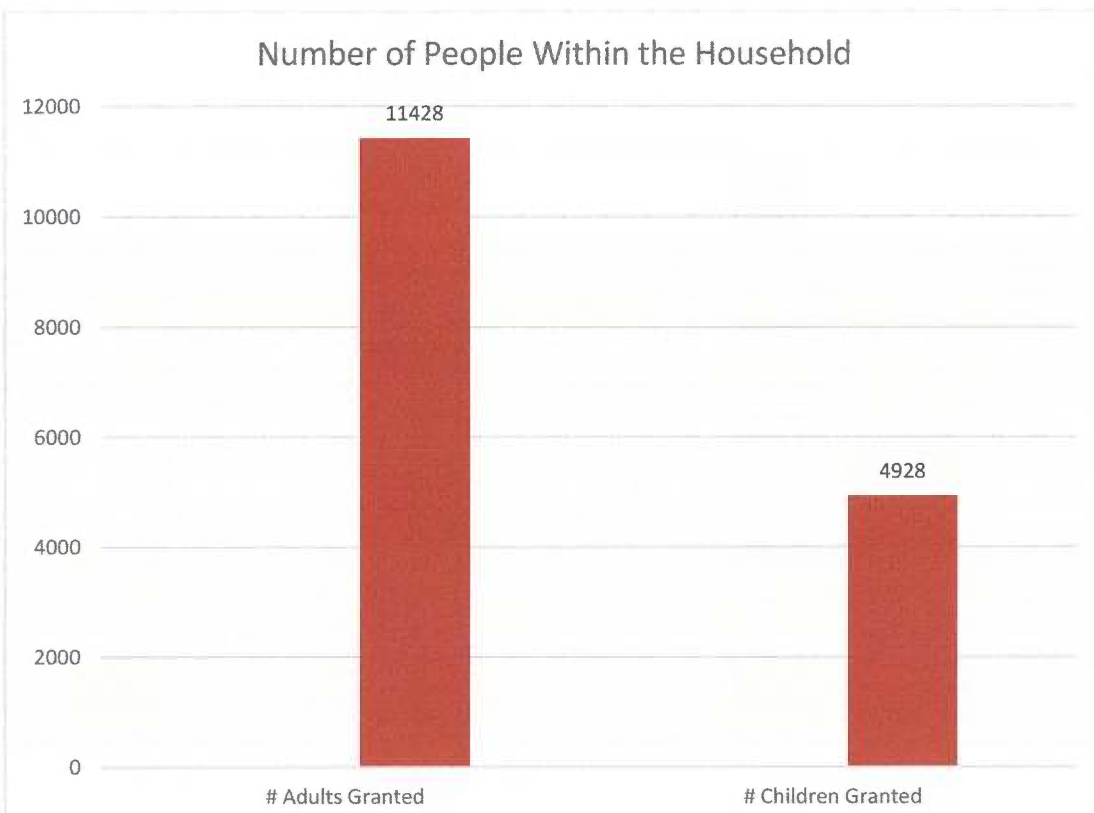
APPENDIX B: GA Housing Denial Data (July 2016 - June 2017)

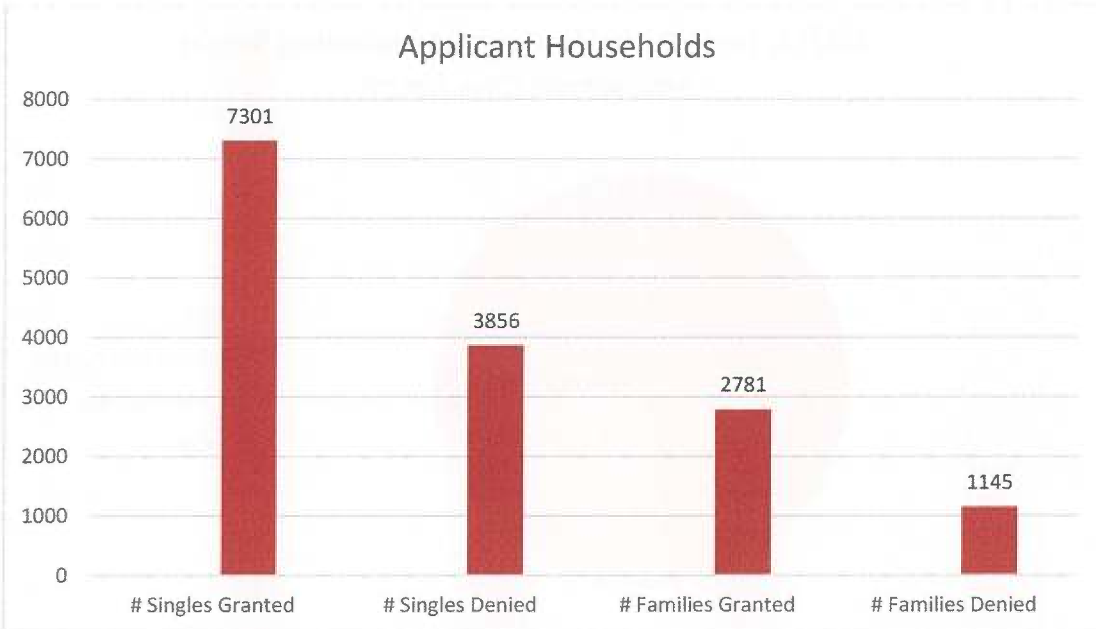
July 2016 - June 2017 GA/EA Denials							
Total Denied Applications 5,002							
Households with Adults ONLY				Households with Child(ren)			
		3,860	77%			1,142	23%
Top 5 Denial Reasons				Top 5 Denial Reasons			
1	Ineligible	1,373	36%	1	Has Other Housing Options	358	31%
2	Has Other Housing Options	1,098	28%	2	Caused Own Homelessness	235	21%
3	Caused Own Homelessness	355	9%	3	Ineligible	203	18%
4	No Interview	246	6%	4	Max Nights	95	8%
5	Available Resources	231	6%	5	Available Resources	89	8%

APPENDIX C: GA Housing Data Tables (Statewide: July 2016 – June 2017)

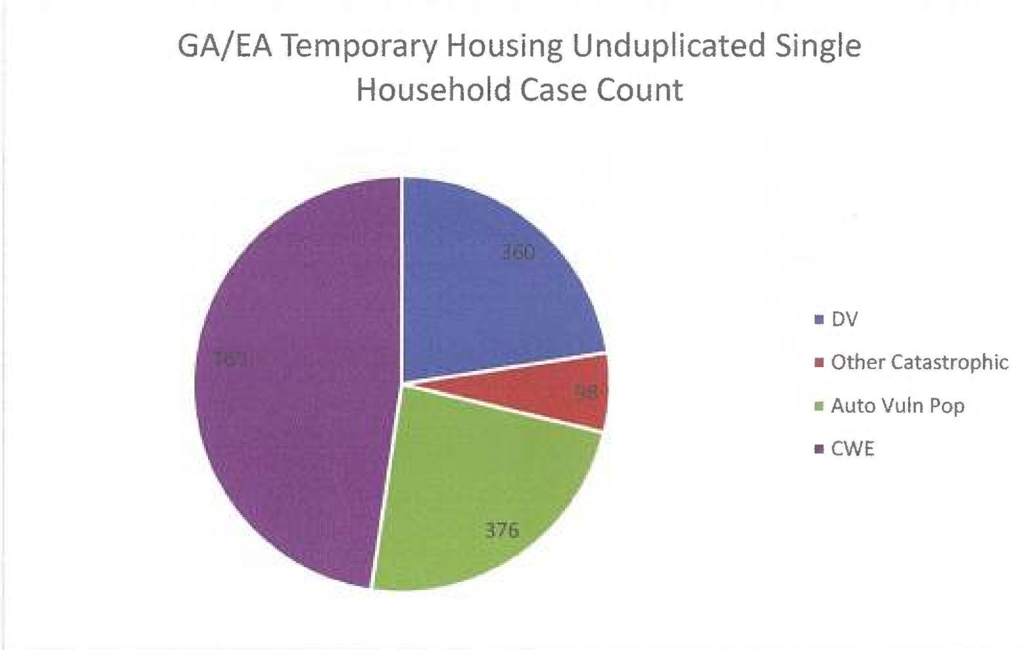
Statewide Temporary Housing Data for July 2016 – June 2017


Eligibility Grant Reason
6000
5000
4000
3000
2000
1000
0
2712
1762
37
6
5565
Catastrophic Granted
Auto Vulnerable Population
Points Granted
Fair Hearing Granted
CWE

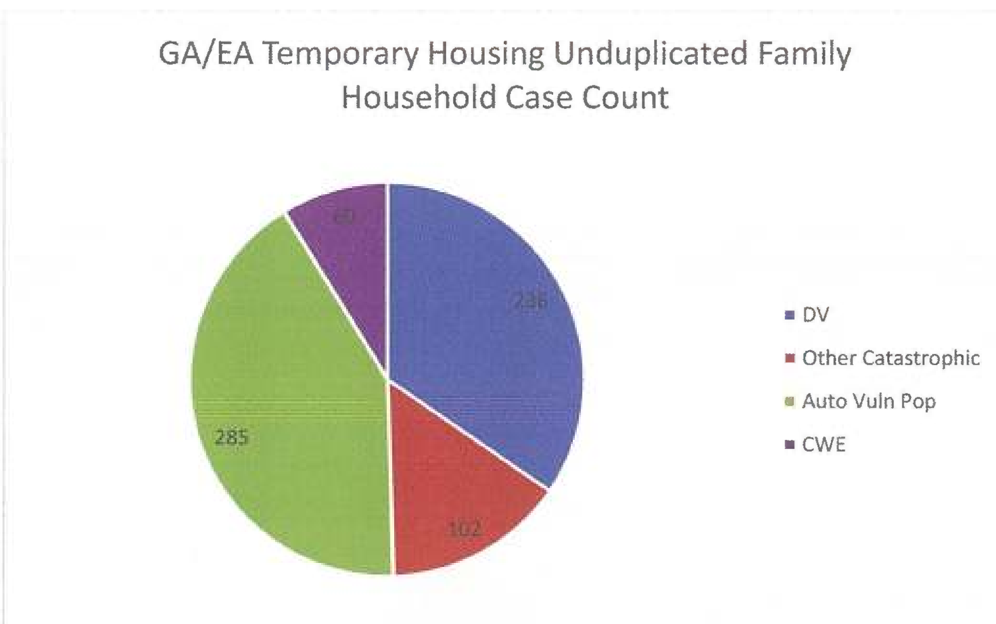

Number of People Within the Household
12000
10000
8000
6000
4000
2000
0
11428
4928
Adults Granted
Children Granted


Applicant Households
8000
7000
6000
5000
4000
3000
2000
1000
0
7301
3856
2781
1145
Singles Granted
Singles Denied
Families Granted
Families Denied


Average Daily Motel Cost
$80
$70
$60
$50
$40
$30
$20
$10
$0
$46
$45
$58
$57
$61
$71
$73
$74
SFY 2010
SFY 2011
SFY 2012
SFY 2013
SFY 2014
SFY 2015
SFY 2016
SFY 2017



- Total Points: 1 Household
- Fair Hearing: 0 Households



- Total Points: 11 Households
- Fair Hearing: 0 Households

APPENDIX D: Primary Stated Cause of Homelessness

Primary Causes of Homelessness in Vermont	St. Albans	Burlington	Hartford	St. Johnsbury	Brattleboro	Barre	Newport	Rutland	Springfield	Bennington	Morrisville	Middlebury	Statewide	Combined districts' ranking across state in each category of homelessness
Benefit Issues (SSI, UC, CS, Voucher, St Assistance)														**0**
Chronic Homelessness	2	1	1	3	1	1	2	1	1	1	1	2	**1**	**12**
Could not afford housing		5	4		5		4	5	5	4				**7**
Domestic Violence/Child Abuse	3	2	2	2		3	3	2	4	3	3	1	**3**	**11**
Eviction with Cause	4	4	5	5	4	4				5	4	3	**5**	**9**
Eviction without Cause/Non-renewal	5			4	3	5	5	3	2		5	5	**4**	**9**
Job Loss/Unemployment/Underemployment														**0**
Kicked out of Family/Friends	1	3	3	1	2	2	1	4	3	2	2	4	**2**	**12**
Overcrowded/Underhoused														**0**
Unexpected Expenses (car repair)														**0**

STATEWIDE - Top Five Stated Causes of Homelessness for persons applying for GA Temporary Housing	
Chronic Homelessness	1
Kicked out of Family/Friends	2
Domestic Violence/Child Abuse	3
Eviction without Cause/Non-renewal	4
Eviction with Cause	5

VII

VERMONT

State of Vermont
Green Mountain Care Board
89 Main Street
Montpelier VT 05620

Report to the Legislature

REPORT ON THE TOTAL AMOUNT OF ALL EXPENSES ELIGIBLE FOR ALLOCATION PURSUANT TO 18 V.S.A. § 9374(h) AND § 9415, AND THE TOTAL AMOUNT ACTUALLY BILLED BACK TO REGULATED ENTITIES DURING STATE FISCAL YEAR 2017

In accordance with Act 79 of 2013, Section 37c

Submitted to the
House Committees on Health Care, Ways & Means, and Appropriations; the Senate Committees on Health & Welfare, Finance, and Appropriations; and the Joint Fiscal Committee

Submitted by the
Green Mountain Care Board & the
Department of Financial Regulation

September 15, 2017

Introduction

Act 79 of 2013 requires that the Green Mountain Care Board (Board) and the Vermont Department of Financial Regulation (Department) submit a report showing **"the total amount of all expenses eligible for allocation pursuant to 18 V.S.A. §§ 9374(h) and 9415 during the preceding state fiscal year and the total amount actually billed back to the regulated entities during the same period."** 2013, No. 79, § 37c(a). This report must be submitted annually on or before September 15 to the House Committee on Health Care, the Senate Committees on Health and Welfare and on Finance, and the House and Senate Committees on Appropriations. *Id.* The Department and the Board must also provide this information to the Joint Fiscal Committee at its September meeting. *Id.* at § 37c(b). The report is listed on the non-action portion of the Joint Fiscal Committee's September 15 meeting agenda, and is being submitted to satisfy that agenda item as well as § 37c(b) of Act 79.

Background

In 1996, the Legislature first conferred billback authority to the Health Care Authority as a means of funding its duties and activities. When the Health Care Authority moved into the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISCHA), this authority was transferred to BISHCA (now the Department).

In 2012, the Legislature authorized the newly-formed Board to bill back to hospitals and insurance carriers the costs of certain activities related to health care system oversight. 2012, No. 171 (adj. sess.), § 5. The law provided that "[e]xpenses incurred to obtain information, analyze expenditures, review hospital budgets, and for any other contracts" that are authorized by either the Department or the Board would be borne according to the following allocation:

- 40% by the State;
- 15% by the hospitals;
- 15% by nonprofit hospital and medical service corporations;
- 15% by health insurance companies; and
- 15% by health maintenance organizations.

18 V.S.A. §§ 9374(h)(1); 9415(a) (2014) (repealed 2015). In other words, for each dollar that the State billed back pursuant to this statutory authority, the regulated entities, as a group, would pay 60 cents, with the State remaining responsible for the other 40. The 60/40 allocation has not changed and remains in effect at present.

In a February 2013 report,[1] the Board and the Department advised the Legislature that since the inception of the billback authority, the State had not billed back the full scope of expenses made eligible by the authorizing legislation. In response, the Legislature mandated annual reporting and gave the Board and the Department discretion over the scope and the amount of the billback. 2013, No. 79, §§ 37a - 37c. The Legislature also expanded the scope of the billback to include funding for the Office of the Health Care Advocate (HCA). *Id.* at § 37d. Finally, the Legislature required the Department to 1) transfer one position and its associated

[1] Available at: http://gmcboard.vermont.gov/sites/gmcboard/files/Billback_Rpt_020113.pdf.

funding to the Department of Health for the purpose of administering the hospital community reports in 18 V.S.A. § 9405b and 2) continue to collect funds for the publication of these reports under its billback authority. *Id.* at § 50(c).

In 2015, the Legislature repealed the statute giving the Department billback authority, 18 V.S.A. § 9415, while leaving intact the Board's authority under 18 V.S.A. § 9374(h) to continue to utilize the 60/40 billback formula "if, in the Board's discretion, the expenses to be allocated are in the best interests of the regulated entities and of the State." 2015, No. 54, § 61.

Effective July 1, 2016, the Legislature established a specific allocation for the billback of expenses incurred by the HCA for services related to the Board's and the Department's regulatory and supervisory duties. 2016, No. 134, § 28. The allocation is as follows:

- 27.5 percent by the State from State monies;
- 24.2 percent by the hospitals;
- 24.2 percent by nonprofit hospital and medical service corporations licensed under 8 V.S.A. chapter 123 or 125; and
- 24.2 percent by health insurance companies licensed under 8 V.S.A. chapter 101.

18 V.S.A. § 9607(b)(1).

The Board deposits monies it receives from regulated entities in the Green Mountain Care Board Regulatory and Administrative Fund. 18 V.S.A. § 9404(d). This special fund provides financial support for the Board's operations. *Id.* However, the fund "may also be used by the Department of Health to administer its obligations, responsibilities, and duties as required by chapter 221 of [title 18]." *Id.* Since the Department of Health assumed responsibility for hospital community reports in 2013, the Legislature has appropriated money from the fund to support these activities. For example, FY 2014 appropriation to the Department of Health from the fund was $660,000. As noted above, the Department's billback authority was repealed in 2015. And since the Board does not include expenses incurred by the Department of Health in their annual billback, continued appropriations to the Department of Health from the fund without a corresponding expansion in the scope of the billback authority may eventually strain the fund.

State Fiscal Year 2017 Billback

In state fiscal year 2017 (FY17), the Board billed back approximately $2,215,425, as shown in Appendix A of this report. While this appears to be a significant increase from FY16, the increase is minor once it is adjusted downward by $655,073 for the FY16 actual spend versus the Board's budget adjustment, and the Board's fulfillment of its pledge, outlined in its FY16 Billback Report, to bill back 100% of the industry portion of its FY17 budget. Below, Tables 1 and 2 show the break down among the hospitals and insurance companies that can be billed under 18 V.S.A. §§ 9374(h)(1).

Table 1: Hospital Assessment FY17

HOSPITAL	Amount Billed
Brattleboro Memorial Hospital	$14,302
Carlos Otis	$1,289
Central Vermont Medical Center	$37,512
Copley Hospital	$15,219
Gifford Medical Center	$12,368
Mt. Ascutney Hospital	$3,269
North Country Hospital	$12,867
Northeastern Vermont Regional Hospital	$12,068
Northwestern Medical Center	$23,882
Porter Medical Center	$14,011
Rutland Regional Medical Center	$56,953
Southwestern Medical Center	$30,338
Springfield Hospital	$17,525
University of Vermont Medical Center	$169,298
Total	**$420,901**

Table 2: Insurance Carrier Assessment FY17

CARRIER	Amount Billed
Blue Cross and Blue Shield of Vermont	$420,901
MVP Health Insurance Company	$222,683
The Vermont Health Plan, LLC	$175,897
Cigna Health & Life Insurance Company, Inc.	$128,561
MVP Health Plan, Inc.	$121,754
UnitedHealthcare Insurance Company	$34,776
Aetna Life Insurance Company	$24,027
4 Ever Life Insurance Company	$4,345
QCC Insurance Company	$3,573
State Farm Mutual Automobile Insurance Company	$2,213
United States Life Insurance Company in the City of New York	$245
Connecticut General Life Insurance Company, Inc.	$225
AXA Equitable Life Insurance Company	$113
Metropolitan Life Insurance Company	$85
Golden Rule Insurance Company	$35
MONY Lie Insurance Company	$6
Prudential Insurance Company of America	$6
American Progressive Life & Health Insurance Company of New York	$3
National Benefit Life Insurance Company	$3
American Heritage Life Insurance Co.	$2
Total	**$1,139,453**

By way of comparison, the State billed back approximately $395,000 in FY13, $890,000 in FY14, $1,474,300 in FY15, $1,546,407 in FY16, and $1,560,353 in FY17. The Board's approved FY18 budget includes a projected billback amount of $3,720,583. *See* Appendix A, cell F21.

To place the FY17 figures in context, Appendix A breaks out the Board's total expenses by category, and for each category indicates the maximum amount eligible to be billed back under Vermont law. For example, of the $2,986,003.58 that was budgeted for personal services in FY17, the Board determined that up to $1,141,627.28 was eligible to be billed back under 18 V.S.A. § 9374(h). *See* Appendix A, cells D3, D4. The next three blocks of information present analogous information relative to operating expenses, grants, and contracts.

The final block (Personal Services, operating, grants, contracts), shows the maximum amounts that could have been billed to regulated entities under the statutory 60/40 formula, the amounts budgeted to be billed back, and the actual amounts billed back. As shown, the Board could have potentially billed back $2,215,425, or approximately 100% of the potential industry portion of $2,215,425.45. *See* Appendix A, cells D20, D21

In addition, Appendix A shows that based on its approved FY18 budget, the Board projects it will bill industry $3,720,583 in FY18 under its statutory billback authority. *See* Appendix A, cell F21. This represents 100% of the potential industry portion.

Both the budgeted increase to $3,704,029 for FY18 and the increases in the amounts actually billed back to industry from FY13 to FY16 ($395,000 in FY13; $890,000 in FY14; $1,474,300 in FY15; $1,546,407 in FY16; and $1,560,353 in FY17) demonstrate the Board's commitment to utilize its billback authority consistent with legislative intent. The Board therefore acknowledges the need to defray certain categories of expenses through the billback function, but to also utilize its discretion when appropriate to limit the burden on regulated entities, which ultimately pass these expenses on to Vermont health care consumers. Further, the Board will maximize funding from other sources, including federal grants, for its activities that may otherwise be funded through the billback function. In other words, to the extent an expense eligible for billback is being funded through federal or other grants, the Board uses its discretion under 18 V.S.A. § 9374(h)(2) to exclude those dollars from the billback actually charged to industry.

APPENDIX A

TO GMCB FY 2017 BILLBACK REPORT

Green Mountain Care Board
Kevin Mullin, Chair

9/15/2017

	A	B	C	D	E	F
	BILLBACK DETAIL		Projected Budget FY 2017	Actual Budget FY 2017	Actual Expended FY 2017	Total Projection FY 2018
1	Total Expenses		$ 9,572,404.00	$ 9,967,397.76	$ 7,917,347.22	$ 10,516,299.79
2						
3	Personal Services		$ 3,468,390.08	$ 2,986,003.58	$ 2,748,195.89	$ 3,610,760.83
4	Total Billback		$ 1,269,823.88	$ 1,141,627.28	$ 856,224.32	$ 2,382,095.93
5	Industry Portion		$ 761,997.73	$ 685,079.77	$ 465,294.52	$ 1,399,692.14
6						
7	Operating		$ 835,995.00	$ 835,989.00	$ 386,479.73	$ 790,676.62
8	Total Billback		$ 250,798.50	$ 250,798.50	$ 185,753.99	$ 521,754.63
9	Industry Portion		$ 150,479.10	$ 150,479.10	$ 127,387.01	$ 307,468.37
10						
11	Contracts		$ 5,268,018.92	$ 6,145,405.18	$ 4,782,671.60	$ 5,931,364.37
12	Gross Potential Billback*		$ 5,268,018.92	$ 6,145,405.18	$ 4,782,671.60	$ 5,931,364.37
13	Alternate Funding		$ (3,499,438.30)	$ (3,845,627.55)	$ (3,113,885.06)	$ (2,634,242.96)
14	Net Potential Billback		$ 1,768,580.62	$ 2,299,777.63	$ 1,668,786.54	$ 3,297,121.41
15	Total Billback		$ 1,768,580.62	$ 2,299,777.63	$ 1,668,786.54	$ 3,297,121.41
16	Industry Portion		$ 1,061,044.97	$ 1,379,866.58	$ 967,671.36	$ 2,028,967.50
17						
18	Pers Services, operating, grants, contracts					
19	Total Net Potential Billback		$ 3,289,203.00	$ 3,692,203.41	$ 2,710,764.85	$ 6,200,971.97
20	Potential Industry Billback		$ 1,973,521.80	$ 2,215,425.45	$ 1,560,352.89	$ 3,720,583.18
21	Budgeted Industry Billback		$ 1,973,521.80	$ 2,215,425.45	$ 2,215,425.45	$ 3,720,583.18
22						
23	Adjustment for Previous Year Actual spend vs. Budget				$ (655,072.56)	
24	Final billback		$ 1,973,521.80	$ 2,215,425.45	$ 1,560,352.89	$ 3,720,583.18
25	Budgeted Industry Billback as % of Potential		100%	100%	100%	100%
26						
27	Variance		$ -	$ 0.00	$ 0.00	

Notes:

We reserve the need to change the above amounts if we develop better information.

Actual 2017 reflects amounts billed to industry based upon budgeted plans.

VIII

VERMONT

Department for Children and Families
Commissioner's Office
280 State Drive – HC 1 North
Waterbury, VT 05671-1080
www.dcf.vt.gov

[phone] 802-241-0929
[fax] 802-241-0950

Agency of Human Services

Memorandum

To: **Representative Janet Ancel and Members of the Legislative Joint Fiscal Committee**
From: **Ken Schatz, DCF Commissioner** KJS
Re: **Shelter Update for Barre and Rutland**
Date: **September 14, 2017**

Please see the information below regarding the shelters in Barre and Rutland. This memo serves as the requested September update on these shelters.

Act 85, Section B.1101:
Department for Children and Families: The sum of $600,000 in general funds is appropriated to the Department for Children and Families to be used to facilitate the development of two seasonal warming shelters, one in the Rutland district office service area and one the Barre district office service area to be in place for the 2017-2018 heating season. The Department for Children and Families and the local continuums of care in the Rutland and Barre districts shall report on or before September 15 and November 15, 2017 to the Legislative Joint Fiscal Committee on the progress of the siting and development of seasonal warming shelters in these two areas of the state.

Overview:
Siting an emergency shelter for individuals who are homeless, especially providing shelter that is accessible for those most in need, is a complex process. To be successful, it must be built upon a strong foundation of municipal leadership commitment, community member support and stakeholder input. Siting a shelter does not typically follow a linear progression. In most communities, it starts with building relationships and support for the project. DCF does not fund shelters that do not have town or municipal approval, and many times, projects will fail to progress if community support is not strong from the outset, regardless of need.

As an appendix to this memo updating you on the progress in the Barre and Rutland AHS Districts, we have included a sample set of steps that generally all communities go through to site a shelter as a reference. In most communities, this is a several month process or longer.

Updates on Siting Shelters:

Barre AHS District
Good Samaritan Haven is taking the lead in developing additional seasonal shelter capacity in Washington County. The local homeless continuum of care is very supportive of creating additional capacity. Three possible sites have been identified and assessed for feasibility, including two local churches. Together, these sites could create an additional 35 bed capacity. Enhanced partnerships with Another Way, Washington County Mental Health and Central Vermont Medical Center are being explored. Obtaining local municipal approval is a key next step, and may prove challenging. Good Samaritan Haven is starting to develop an operational plan.

Rutland AHS District

BROC – Community Action in Southwestern Vermont has agreed to take the lead on the seasonal warming shelter project. The Rutland Continuum of Care is supportive of moving the project forward. Current work is focused on identifying a feasible site and building community and municipal support; there are currently two site options being considered. Rutland has significant need for crisis bed capacity for multiple populations experiencing homelessness – families, victims of domestic violence, single adults, and youth. Local housing and service providers, with community support, have been working on a year-round shelter to serve families. While addressing family homelessness is a priority for AHS and DCF, General Assistance expenditures in Rutland are being driven by single adults, largely in the cold weather months. Thus, the legislature and DCF identified the need for a seasonal warming shelter to reduce motel expenditures.

Appendix:

Sample Shelter Siting Overview

Identify population to be served and scale of project	- Review data from Homeless Point-in-Time Count and identify gaps in existing programs/shelters. o Is the need seasonal? Year-round? Daytime? o Is the need for a specific subpopulation (e.g., DV, youth, individuals, families)? o Determine how many beds/rooms are needed - Determine criteria for who will be served based on community need
Build Early Support and Commitment for shelter project concept	- Engage municipal leadership - Collaborate with partners, i.e. members of the local homeless continuum of care to develop concept - Identify roles & steering process o What community organization will take the lead? o What community partners will provide support/key roles? o Do we need to form a new organization, steering committee or advisory group? (not always) - Meet with community members and leaders - Engage business support
Service & Operations Plan	Service & Operations Plans: - Managing physical structure – bedding, meals, maintenance, security, health issues/pest control, - Staff and volunteer structure o Develop/revise personnel policies o Develop/revise job descriptions o Training Plan - Develop shelter policies and procedures regarding admission, diversion, referrals (coordination with other shelters and ESD), discharge, termination of shelter/services, safety/security, guest expectations and responsibilities, daytime/continuity of care, assessment/screening/referral for services and mainstream supports - Services offered (onsite? In-house? by referral? Partnership?)
Identify & Narrow Potential Sites	- Deepen commitment from municipal leadership, community members, businesses and neighbors - Ensure that building meets basic safety and security needs, and understand any significant renovation needs that will require start-up/capital funds - Secure regulatory, zoning and legal approvals:

	o Municipal approval – i.e. Development Review Board o Zoning requirements for use of building o Fire Marshall inspection and approval o Insurance requirements/approval o DCF shelter habitability site approval
Build Start-Up and Annual Operations Budgets (source & use)	- Identify start-up and capital costs - Identify annual operating costs - Identify all funding sources (in-kind and cash) - Demonstrate cost savings to GA/Emergency Housing Motel Spending.
Leverage in-kind and financial resources	- Secure financial support from public, private and community-based organizations to support shelter
Keep community engaged and committed before and during shelter opening	- Communication plan - Media and Press Releases - Volunteer recruitment - Fundraising - Plan to - participate with the local coordinated entry partnership and connect shelter guests to permanent housing options

IX

Report to

The Vermont Legislature

Report on: Choices for Care Savings

In Accordance with Act 85, Sec E 308.1 (d) Choices for Care Savings Allocation

Submitted to: Rep Janet Ancel, Chair Joint Fiscal Committee
Joint Fiscal Committee Members

Submitted by: Monica Caserta Hutt, Commissioner, DAIL

Report Date: September 2017

VERMONT
AGENCY OF HUMAN SERVICES

Act 85 for state fiscal year 2018 requires the Department of Disabilities, Aging and Independent Living (DAIL) to determine the amount of available savings in the Choices for Care program from SFY 2017.

Savings is defined as "the difference remaining at the conclusion of the fiscal year 2017 between the amount of funds appropriated for Choices for Care, excluding allocations for the provision of the acute care services, and the sum of expended and obligated funds, less an amount equal to one percent of the fiscal year 2017 total Choices for care expenditures." The one percent (1%) is intended to "function as a reserve in the event of a fiscal need to freeze Moderate Needs Group enrollment." The Department is required to calculate available savings and report those savings to the Joint Fiscal Office.

Act 85, Sec. E 308.1 (d) states: "The Commissioner shall determine how to allocate any Choices for Care program savings available at the end of fiscal year 2017 and shall report to the Joint Fiscal Committee at the regularly scheduled September 2017 meeting on these allocations."

As per the requirement in Act 85, we are reporting that in state fiscal year 2017, there are no savings in the Choices for Care program. The final balance in the 2017 Choices for Care program was $1,178,535.69. This amount is less than the required 1% reserve based on the SFY 17 CFC expenditures which would be calculated at $1,926,372.43. It is our intention to hold that reserve in case of fiscal need as directed and intended by the Legislature. Attached please find the Choices for Care year end summary for SFY 2017.

Choices for Care Year End Summary - SFY17

CFC is managed as one budget, categories are estimated but funding is fluid within them.

DeptID - 34100160000

LTC	SFY17 Plan$s Available (Final Appropriation)	SFY17 Expend and Obligated	Balance of SFY17 Approp by fund	State Share Amt as of FY17 Year End Available for CF/Savings Reinvestment	State Share converted to Gross GC Amt Available For CF/Savings Reinvestment	
H&CB Money Follows the Person GF	$ 753,720.51	$ 512,723.63	$ 240,996.88	$ 240,996.88	$ 520,736.56	GF GROSSED UP USING SFY18 state share rate of 46.28%.
H&CB Money Follows the Person FF	$ 1,996,280.00	$ 1,731,386.16	$ 264,893.84	$ -	$ -	
H&CB GC	$ 67,993,671.00	$ 67,347,317.29	$ 646,353.71	$ 295,254.37	$ 637,974.02	
Nursing Home GC	$ 123,065,901.00	$ 123,045,815.49	$ 20,085.51	$ 9,175.06	$ 19,825.11	
LTC Subtotal all funds	$ 193,809,572.51	$ 192,637,242.57	$ 1,172,329.94	$ 545,426.32	$ 1,178,535.69	**Balance available is less than the 1% reserve. (1% of SFY17 CFC-LTC expenses)**
					$ 1,926,372.43	1% reserve requirement, calculated by taking 1% of SFY17 expenses (if available)
					$ -	amount available for "reinvestment" (if available)

VERMONT

State of Vermont
Monica Caserta Hutt, Commissioner
Department of Disabilities, Aging and Independent Living
HC 2 South, 280 State Drive
Waterbury, VT 05671-2020
802-241-2401
www.dail.vermont.gov

Agency of Human Services

Forwarded Letter at 9/14/17 Mtg. Request

To: Designated and Specialized Service Agencies' Executive Di
Officers
From: Monica Hutt, Department of Disabilities, Aging and Independ
Melissa Bailey, Department of Mental Health, Commissioner
Re: FY 18 Appropriations Act
Date: August 29, 2017

Financial exhibits for FY18 Master Grants have been finalized to include the funding allocated in the FY18 Appropriations Act to increase wages. Jim Euber from DAIL Business Office notified the CFOs on August 25, 2017 of the amounts allocated for DS HCBS. These funds should be allocated to individual HCBS budgets in line items needing increases to rates in order for staff wages to be increased. Funds should only be used for agency employed staff, not contractors or employees that are hired by families, individuals receiving services or home providers (those that use ARIS payroll). Via this letter Shannon Thompson is notifying the CFOs of the DMH funded increases to the DAs or SSAs Master Grant Exhibits.

The department's allocations were based upon an initial report provided to legislators by Vermont Care Partners. Even though the amounts shifted, the initial allocations stand. The effective date of the increase is July 1, 2017. Therefore, changes to exhibits will include:

- The DS/SSAs will be provided funding based on their stated need
- The DS/DA allocation will be to the degree possible given the remaining DS allocation
- The DA/MH allocation will be an increase of 6.5% to the Medicaid rates
- The SSA/MH will receive a separate notification regarding their Master Grant Exhibit.

Due to discrepancies in the funding needed by each Designated Agency, DMH will make minor budget adjustments to allocations to allow for closer align with those amounts.

Please send DAIL related questions to Jim Euber and DMH related questions to Shannon Thompson.

Follow-up Rep. Fu

FY 2016 Single Audit Summary

Response

Department	# Programs Audited	# Programs With Findings	# SD	# MW	Total # Findings	# Repeat Findings	# Programs Requiring Reaudit	Fi # SD Correc		
AHS	13	9	7	17	24	6	8	3	[illegible]	[illegible]
AOE	3	2	1	3	4	2	2	1	1	2
AOT	2	2		3	3	0	2	0	3	3
Labor	1	1	1	1	2	1	1	0	0	0
DPS	1	1		1	1	1	1	0	1	1
ACCD	1	0		0	0	0	0	N/A	N/A	N/A
F&W	1	0		0	0	0	0	N/A	N/A	N/A
DEC	0				0	0	0	N/A	N/A	N/A
	22	15	9	25	**34**	10	14	4	16	20

* Identified as corrected by the department and will be verified during 2017 audit.

AOT: One of the two programs requiring reaudit in 2017 will not be audited due to a significant decrease in expenditures.

The content of findings and corrective action plans are available on request.

280 STATE DRIVE
WATERBURY, VERMONT 05671-1000

OFFICE OF THE COMMISSIONER
TEL: (802) 241-0246

Cory Gustafson, Commissioner

Response

STATE OF VERMONT
Vermont Health Access

MEMORANDUM

TO: Joint Fiscal Committee

FROM: Cory Gustafson, Commissioner, Department of Vermon

DATE: October 3, 2017

SUBJECT: 2018 Open Enrollment Readiness

On July 21st, I submitted a memo that offered legislators details about open enrollment deadlines and Vermont's prospects for success. I outlined six steps that DVHA and its partners were taking to ensure a successful open enrollment. My memo today updates progress on those steps and notes risk of complications. Please note that July language is italicized while September updates and risks follow in standard font.

How Will DVHA Ensure a Successful 2018 Open Enrollment?

1) Set clear goals - *Enroll 95% of customers in coverage for 2018 without manual intervention by staff. Answer Tier 1 Customer Service Center calls in under 24 seconds 75% of the time. Transmit files to carriers with 99% accuracy.*

Preliminary tests are showing that 92% of customers could be automatically renewed if the renewal process ran today. While this would be an improvement over last year's performance, state staff continue to clean up cases in order to increase this proportion. Combining a strong automated renewal process with state staff's ability to quickly process the remaining cases as they did last year, all signs point to the State being able to determine all members' eligibility for 2018 state and federal subsidies in advance of November 1st. All members who wish to call or log in to change plans for 2018 will then be able to do so at the start of open enrollment.

DVHA notes a risk in that Tier 1 Customer Support (Maximus) missed their target in July and August after hitting it in eight of the previous nine months. DVHA has met weekly with Maximus since August and taken steps that are turning around performance, improving the customer experience, and mitigating risk. This includes moving quickly to ensure that Maximus is fully staffed to 118 ahead of November 1st. Staffing levels are sufficient based on projected call volumes and the State has opted not to open an out-of-state overflow center, at this time. This contingency will be triggered however, if Maximus is unable to meet customer service targets at key points during open enrollment. The State also has the option of extending open enrollment if customer services levels are not sufficient to ensure that Vermonters can complete the process in a timely and efficient manner. It is important to recognize that the first year of a shortened schedule bears some unknowns and the State is preparing spillover contingencies in case such action is needed.

DVHA continues to believe that the goal of 99% accuracy is both ambitious and realistic. The VHC-Carrier error rate was just 0.9% for August, continuing the consistently strong performance all year. One risk to note is that MVP is planning to replace an integration vendor in early October in order to consolidate services with one integration vendor in their system and have more control over the integration process. This change is being made to align the way MVP processes its cases in Vermont with the way it processes cases in New York. A technical change this close to open enrollment without adequate testing presents significant risk, so DVHA is prioritizing resources to ensure full testing. Given the current timelines associated with development and testing, the State is working with MVP to prepare contingencies which, in a worst-case scenario, could involve the suppression of changes to 2017 cases and a temporary reliance on the former Interim Change Process (ICP) utilized in past years. The ICP Process is highly manual and would have a significant impact on operations. MVP estimates that the risk of such a scenario is very low, due to the fact that their underlying system is not changing, only the connectivity to it. In addition, MVP expects that testing results by early October will confirm that there will be no impact on the 2018 enrollment file scheduled to be sent from DVHA to MVP in mid-November.

2) <u>Prepare customer support staff</u> – *Maximus call center staff will be fully staffed and trained by October 15th. In-person Assisters will be trained and certified by September 1st.*

Maximus staffing for Tier 1 Customer Support had dipped in the summer, but 20 new staff members finished training and joined the phones in late August with more hiring cohorts coming on board in September and October to fill all 118 seats in the call center.

More than 150 Assisters were trained, certified, and ready to help Vermonters on September 1st. In addition, institutions around the state continue to allocate staff to be trained as Certified Application Counselors, or CACs. More than 30 CAC trainees are currently learning the processes and are on schedule to be certified to help Vermonters in advance of open enrollment. All Assisters will be offered supplementary training on qualified health plans to ensure they fully understand the impact of 2018 plan design changes.

3) <u>Ensure data is clean and reconciled</u> - *VHC is current on all processing, with no significant operational backlogs. Programmatic Data Quality Reports are being used to identify and address data issues prior to October 15th.*

Both items are still accurate. DVHA aims to process change requests that come in by the 15th of a month in advance of the next month's bill which is generated on the 5th. Last month, more than 98% of the requested changes that came in between July 16th and August 15th were completed in advance of the September 5th bill. This performance is significantly better than the 86% that was achieved the previous August.

4) <u>Communicate with carrier partners</u> – *DVHA held an open enrollment kick-off meeting was held with carriers and Vermont Legal Aid on July 12th. Meetings are continuing bi-weekly through November 1st.*

DVHA held a series of five preparatory meetings with Vermont Legal Aid and all three insurance carriers, with the most recent session on September 6th covering billing, dunning, and grace period policies for DVHA and the carriers. The September 20th meeting was cancelled because all parties felt that major topics had been covered and that preparatory work was on track. Meetings will resume in October for the final countdown to open enrollment.

5) Communicate with members – *DVHA is using bill stuffers to inform members of open enrollment deadlines and resources such as the Plan Comparison Tool. Renewals notices will be mailed by the end of October. Notices of Decision will be mailed to all renewing members the week of November 6th, more than a month earlier than last year, to ensure that members understand their new subsidies and will have plenty of time to evaluate whether a different health plan would be a better match for their needs and budget.*

DVHA is on schedule to deliver the customer communications detailed in July. In addition, DVHA will open the 2018 Plan Comparison Tool to the public by October 16th and host two webinars – one for subsidized members and one for unsubsidized members – on November 9th.

6) Conduct thorough system testing -- *Defects related to Open Enrollment are on schedule to be addressed over the course of three releases beginning the week of July 24th and ending by mid-September. The State will then enter a code freeze, with no planned releases until after Open Enrollment. Renewal file testing begins the week of July 24th. User Acceptance Testing and User Validation Testing follow each release.*

The final Maintenance & Operations (M&O) release is now scheduled to be deployed October 4th, pending User Acceptance Testing. This will coincide with the deployment of 2018 health plans, which are on schedule to be loaded into the system on September 22nd and deployed on October 4th.

By continuing to monitor progress on these six steps and working with community partners to communicate the importance of health coverage, DVHA will ensure a successful open enrollment period and a smooth customer experience for all Vermonters who need health coverage.

Open Enrollment – what is it and when is it?

Open Enrollment is the annual period when new applicants can use the Vermont Health Connect (VHC) marketplace to sign up for health and dental plans for the coming year. It is also the time that existing members have the option to change plans. Vermonters will find 24 options for qualified health plans from Blue Cross Blue Shield of Vermont (BCBSVT) and MVP Health Care (MVP), as well as dental plans from Northeast Delta Dental (NEDD).

Members who do not qualify for financial help can enroll directly through BCBSVT or MVP and have their billing managed by their carrier.

The 2018 Open Enrollment will be shorter than in past years. It will run from November 1 to December 15, 2017. Members will have a start date of January 1.

Vermonters who miss the deadline could have to wait until January 2019 to start health coverage, although those who qualify for Medicaid can sign up throughout the year and those who qualify for a Special Enrollment Period generally have 60 days to sign up.

Applicants can sign up in one of four ways: online, by phone, by paper, or with an in-person assister.

Existing members who are happy with their current plan don't have to do anything other than continue to pay their bill in a timely manner.