

MEMORANDUM

TO: Joint Fiscal Committee

FROM: Melissa Bailey, Commissioner, Department of Mental Health

DATE: September 20, 2018

SUBJECT: Report- 2018 Special Session, Act 11, Section E. 314 Designated Agency Staff Retention

Act 11, Section E. 314 of the 2018 Special Session requires the Department of Mental Health to report to the Joint Fiscal Committee in September 2018 on implementation of increased payments to Mental Health Designated Agencies in fiscal year 2019.

Please see attached, two documents:

1. June 28, 2018 memorandum to Vermont Care Partners and all Designated Agency Executive Directors and Chief Financial Officers describing the methodology for allocation of the \$4,328,689 increase.
2. Chart showing Designated Agency funding allocation increase amounts.



State of Vermont
Department of Mental Health
280 State Drive
Waterbury, VT 05671-1000

Agency of Human Services

TO: Vermont Care Partners
Designated Agencies - Executive Directors and Chief Financial Officers
FROM: Department of Mental Health - Melissa Bailey, Commissioner and Shannon Thompson Financial Director
DATE: June 28, 2018
RE: Allocation of FY 19 New Funding - \$4,328,068

The allocation of the new funding will be sent to each Designated Agency (DA) within the next week. Since the allocation of \$4,328,068 was not based on a straight across the board Medicaid rate increase yet needs to be applied as a Medicaid rate increase we considered a few different factors and will be allocating the funding in the following manner:

- DMH totaled the amount of funding each DA receives in their Exhibit B and within other DA/DMH GC programs that are associated with Medicaid and Global Commitment Investments, as well as other programs that it has been decided will be rolled into the new case rate beginning January 2019.
- DMH then calculated the percent each DA receives of that total funding.
- DMH applied 80% of the \$4.3M total allocation across all Medicaid programs that will be rolled into the new case rate and established a Medicaid rate increase of 3.8%.
- Because up to the remaining 20% (\$865,613) can be used by DMH for incentive payments once the case rate begins in January 2019 we have decided that approximately one half of the 20% (\$432,806 or first ½ of the 20%) will be rolled into the case rate depending on DA billing to date at start of case rate.
- If there is any remaining funding of the \$432,806 or first ½ of the 20% and depending on billing to date it will be distributed into the case rate.
- Keeping the full 20% out will allow us to establish an annualized incentive payment for the new bundle (recognizing this may change based on negotiation between DMH and DAs regarding the funding allowed for an incentive payment in payment reform).
- The funding allocated from the legislature was not based on total amount of Medicaid in the DMH budget regardless of funding source (such as DCF or Success Beyond Six) so it was not applied to those programs however the Medicaid rates for those services will increase by the same 3.8%.

Our intent is to be as fair as possible and provide each DA with the same percent of the new funding as the percent based on Exhibit B and other DA/DMH GC programs that will be part of the January 2019 bundle and is associated with Medicaid and Global Commitment Investment each DA receives. If you have any questions please contact Shannon or Melissa (Shannon.thompson@vermont.gov or Melissa.bailey@vermont.gov).

FY 2019 DA Allocations of \$4.3M from Legislature

DA Allocation - % Based on all DA/DMH services

	CMC	CSAC	H C	HCRS	LCMH	NCSS	NKHS	RMHS	UCS	WCMH	Total
% of Allocation	5.5%	7.9%	16.6%	17.0%	5.3%	11.4%	7.8%	7.3%	5.3%	16.0%	100.0%
Total Allocation	\$ 236,167	\$ 341,019	\$ 718,348	\$ 734,977	\$ 229,067	\$ 492,172	\$ 339,223	\$ 316,991	\$ 229,576	\$ 690,527	\$ 4,328,068
20% for value based annually (For Jan 19 start date (2nd 1/2 of FY) ~ 1/2 rolled into bundle and 1/2 for value based incentive this amount is included in the numbers above	\$ 865,614										

* this amount includes all DA/DMH funding for services including other department funding that will be included in the bundle. This does not include SB6, ISBs for Laraway, Eldercare or Reach-up