

July 24, 2025

To: VCP Community Partners & Vermont Legislators
RE: Key Issues Impacting I/DD Services in Vermont

We are writing to share a set of critical issues that we have also communicated to the State of Vermont (DAIL) regarding the developmental services system. As essential collaborators in this work, we want to ensure that you have a clear and full picture of the challenges being faced by the VCP agencies and the impacts on individuals with intellectual and developmental disabilities and their families.

First and foremost, the VCP agencies are fully committed to person-centered, community-based care. That said, it will become increasingly difficult to deliver services at the scale and consistency that Vermonters with I/DD deserve. Below are five key areas that are shaping this reality - most of which are directly related to Conflict-of-Interest Free Case Management and DS payment reform.

Five Key Challenges Affecting Service Delivery and Access:

DSP Shortage and Accessible Housing

The most significant barriers to service delivery today are the ongoing shortage of Direct Support Professionals (DSPs) and accessible/affordable housing, and Shared Living Providers. For DSPs, even when funding is available, agencies often cannot fill positions due to uncompetitive wages and limited career pathways. We have long advocated for investments to make this a sustainable profession, and while progress is being made, more is needed to stabilize the workforce.

Misalignment Between Payment Mechanisms and Service Expectations Undermines Access, Equity, and Transparency

We are in complete agreement with the State's commitment to ensure that individuals have access to their full services and budgets. The current payment model proposed by the state, however, will create inequities between people who will be able to receive up to 80% of their authorized services and those who will receive far less. This inequity is the result of the proposed rates, which are insufficient in many areas, and the formula that DAIL is negotiating with agencies, forcing them into a position to either not provide services at the level that is needed or absorb unfunded services until a reconciliation process that will be many months after expenses are incurred. There are few agencies, if any, who can bear that type of financial risk. In other words, the model will create a disconnect between what individuals are authorized to receive and what providers are resourced to deliver, making it difficult to respond fully to individual and community need.

In our current exceptions/variance process/SIS-A analysis alone, nearly 56% of individuals are at risk of losing services.

To guide allocations, the new model is based on a target of 80% utilization for non-residential hours and 100% for residential services. That said, the state is not funding services at 80% utilization but rather, they are basing the funding of services on each agency's past utilization plus 5 percent. This creates inequity across the system and restricts access to authorized services. For example, if agency A has a utilization rate of 55% and receives funding for 60%, they will only be able to provide an average of 60% of the non-residential services. However, if agency B has a utilization rate of 75% and receives 80% of the funding for authorized services, then agency B will be able to provide an average of 80% of the non-residential services. Therefore, people served through agency A will have access to fewer of their non-residential services than agency B. The State has indicated that there is not enough funding for all people to have access to 100% of their authorized funding, and that there is not enough funding for all people to have access to 80% of their authorized funding. Our largest concern is that this model creates an access issue and promotes inequity across the system.

Utilization Data: What It Doesn't Show

We also want to provide some context around upcoming I/DD service utilization data that the State will be sharing publicly. While national benchmarks often cite 80% utilization as "healthy," Vermont's agencies show a wider range, something that may be misinterpreted without deeper understanding. The reality is that services and reimbursement rates have not been reconciled in over 20 years. What this means is that the number of services budgeted is out of balance with the fact that the approved rates to determine budgets are much too low. The result is that – if reimbursed at a proper level – there would not be enough money in the system to come close to providing 100% (or even 80%) of the services "budgeted". Lower utilization rates are not a result of provider unwillingness to serve people. Rather, they represent the historic imbalance of these services and rates and reflect systemic constraints: chronic underfunding, a severe workforce shortage, high rates of turnover, unfilled positions, a lack of home providers, and structural challenges created by reform-related challenges, all of which impact data accuracy and highlight the need for enhanced training around documentation. This new model ensures that agencies will experience restricted funding for services in ways that do not reflect actual need or service authorization and expectation. Further, we are concerned that the public release of de-identified utilization data may unintentionally stigmatize agencies due largely to the rate/service imbalance without telling the full story. We want to ensure that our partners understand what these numbers really represent, and what they don't.

Concern with Financial Models That Don't Support Stability and Sustainability

The new rate and payment methodologies, whether based on historical service provision or future service targets, are not designed to support long-term service provision. These approaches do not fully account for the realities of workforce shortages, service complexity, or fixed or unexpected infrastructure costs. A break-even model leaves no

room for change in infrastructure needs, program development, or consistent access and it ultimately limits system resilience.

Uncertainty Around the Future of Transition II

Transition II, the part of the system that supports Vermonters with I/DD who choose to self-manage their services outside of provider agencies, is being impacted by system reform. We are concerned that this option may be diminished or phased out through changes underway. These individuals have built their lives around a model of autonomy and community living, and we believe their voices and preferences must be central in any decisions about the future of this program.

We want to be clear; providers are not choosing to limit access or withhold services. Rather, we are operating within a system that presents serious constraints on our ability to deliver what we know people need. We believe in a system where:

- Any reform positively impacts those that it is meant to serve
- All Vermonters with I/DD can access stable, individualized supports
- Families and self-advocates are at the center of system design
- The workforce is respected, supported, and professionalized
- Agencies are funded in ways that reflect the actual cost of high-quality services
- Self-directed options like Transition II are preserved and strengthened

We offer these reflections in the spirit of partnership. We know that our community partners, like you, care deeply about the people we serve, and we hope this update helps clarify the dynamics at play. We look forward to continuing our shared work to strengthen Vermont's developmental services system.

Sincerely,

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