
Report to
The Vermont Legislature

Department of Disabilities, Aging and Independent Living

Developmental Disabilities Services Division

Payment Reform Progress Report

In accordance with:

Act 27 (2025)

An Act Relating to Making Appropriations for the Support of the Government

Submitted to: Joint Fiscal Committee



LEGISLATIVE REQUEST

Act 27 (2025), Sec. E.333 DEPARTMENT OF DISABILITIES, AGING, AND INDEPENDENT LIVING; DEVELOPMENTAL SERVICES PAYMENT REFORM

(a)(1) The Department of Disabilities, Aging, and Independent Living shall submit a written progress report to the Joint Fiscal Committee in advance of the Committee's July 2025 meeting regarding the Department's design of a developmental services payment reform model for potential implementation on October 1, 2025, with a final written report to the Joint Fiscal Committee in advance of the Committee's September 2025 meeting.

Introduction:

The Developmental Disabilities Services Division (DDSD) will implement payment reform on October 1, 2025. These changes are estimated to be budget neutral and will have funding earmarked for individuals who may have needs that are outside of the budgeting framework. These changes are necessary to come into compliance with both state audit findings and the federal requirements to separate case management services and direct service providers.

Key Goals of Payment Reform:

- **Improved Data on Services:** The reform will enhance data collection on the services provided, improving visibility and accountability.
- **Standardized Rates:** It sets uniform rates for services across providers, promoting consistency and fairness.
- **Equitable Service Delivery:** By implementing these changes, the system is designed to promote equitable service delivery to individuals based on need.
- **Needs Assessment:** The Supports Intensity Scale-Adult (SIS-A) will play a central role in identifying individual needs and the support levels necessary to meet those needs through an independently administered, evidenced-based tool.
- **Ensuring Proper Service Delivery:** Based on the findings from a 2014 State Auditor report, payment reform seeks to ensure that payments align with the services provided, closing gaps between planned and actual service delivery. These changes also allow new case managers to have a shared framework for creating individualized service plans and budgets.

How the New Payment Model Works

- **Budget Ranges Based on SIS-A:** Individual budgets are derived from the SIS-A assessment, which measures the level of support an individual needs, as well as their residential setting. This ensures that the majority of people receive the right level of funding for services according to their needs.
- **Person-Centered Planning:** The individual's service plan continues to be driven by them through the person-centered planning process, empowering them to choose their support preferences while remaining within the set budget ranges.

- **Per Member Per Month (PMPM) Rate:** Providers will receive a fixed PMPM rate for each person in care. This allows for more predictable and streamlined payments, while ensuring that individuals can access 100% of their approved budget as needed.
- **Utilization Rate:** Agencies will only be paid for the services they are able to deliver. The PMPM payments will factor in the anticipated amount of service the agency is expected to provide. Individuals may access their full budget, the utilization rate an agency is paid does not cap or alter a person's service plan or budget. Individuals are entitled to all of their approved services if the agency is able to deliver it.
- **Reconciliation Process:** After the fiscal year ends, a reconciliation process will ensure that any overpayments or underpayments to providers are corrected. If an agency delivers fewer services than expected, they will return any excess payments, and if they deliver more services, they will receive additional funding.
- **Flexibility Payments:** Providers will also receive a 5% flexibility payment to address unforeseen needs, whether individual or programmatic.

Benefits of the New Model:

- **Evidence-Based Assessment:** The use of the SIS-A assessment ensures that needs are measured in a similar way across all individuals, based on a validated, standardized tool.
- **Transparency:** The model allows for better tracking of budgets and services, providing visibility into service delivery and any gaps that need to be addressed.
- **Consistency:** Providers will be paid the same rates for the same services, creating fairness and reducing disparities across the system.
- **Ease of Monitoring:** The new system makes it easier to track individual budgets, ensuring individuals receive the services they need without exceeding their allocated funding.

Payment Model and Rates:

DDSD has been actively engaging providers, advisory groups, and individuals and families since 2018 on the payment model changes, with continuous feedback opportunities through 2025.

Initial rates and processes were drafted and presented for feedback in May 2024. Updates to rates and the payment model have been made based on feedback from providers and advisory groups and are posted here: <https://ddsd.vermont.gov/project-initiatives/dds-payment-reform/rate-model>

The "Local Crisis Bed" rate remains the last to be drafted due to lack of sufficient feedback, though DDSD is moving forward to finalize it with the intention of covering provider costs.

Individual agency and statewide estimates of expected costs for payment reform were shared in June 2025 and were updated in July to correct a formula error and include additional individuals who have completed their SIS A assessment.

To plan for an improvement in either encounter data reporting or service delivery, the estimates all assume an increase of 5% in utilization over the actual FY '24 rate. The average service delivery rate for budgeted services that were encountered in the DS system in FY 24 was 55%, with range between 38% to 90%. The amount of service an agency can deliver, the agency's ability to encounter the services, and

the number of exceptions that are approved for the individuals served are key components of the amount of revenue an agency ultimately will draw down.

Workforce Initiatives:

To support agencies in attracting and retaining staff, thus allowing agencies to provide authorized and needed services and achieve the goal for agencies to draw down more revenue, the Department has invested in different initiatives.

- The “Career in Caring” campaign was launched in May 2025 to promote the role of Direct Support Professionals (DSPs), alongside other joint initiatives with various departments. <https://careerincaringvt.com/>
- Collaboration with agencies to improve recruitment and retention of DSPs, supported by a multi-agency marketing campaign.
- Exploration and development of a Direct Caregiver Registry and Learning Management System.

Provider Engagement and Support:

- Quarterly SIS A Engagement Sessions- Began in the spring of 2022 and ran through the end of calendar year 2024.
- Quarterly meetings with Developmental Disabilities Services Division (DDSD) Staff and Public Consulting Group (PCG) to learn about the SIS A and the payment reform changes as they were developing. These sessions were intended for individuals, families, and guardians, but agency staff would also attend.

Community Forums - April 2025:

DDSD staff held community forums virtually and in-person across the state to review the changes under payment reform and conflict free case management (CFCM).

Agency Specific Payment Reform/CFCM presentations*:

Upper Valley Services 1/29/25, 2/18/25

Lamoille County Mental Health Services 3/6/25

Families First 2/13/25

Howard Center 3/11/25 3/13/25 3/24/25

Lincoln Street Inc. 2/19/25, 3/12/25

Rutland Mental Health Services 3/31/25

Northwest Counseling and Support Services 4/3/25, 4/14/25

Health Care Rehabilitation Services 4/10/25

*Presentation opportunity provided to all agencies.

Monthly updates at the DAIL Advisory Board and State Program Standing Committee. Committee membership consists of individuals receiving DDSD services, family members, advocates, and providers.

Bi-weekly meetings with providers and DDSD staff. Ongoing since 2020, alternate between payment reform and conflict free case management topics.

Monthly Developmental Services (DS) Director meetings with providers belonging to the VCP network.

Payment Reform Advisory Group- Committee membership consists of individuals receiving DDSD services, family members, advocates, and providers.

Standardized Assessment Workgroup- Committee membership consists of individuals receiving DDSD services, family members, advocates, and providers.

Stakeholder and Community Involvement:

- Quarterly engagement sessions for individuals and families, along with community meetings to gather input and feedback.
- Advisory groups have been key partners throughout the reform, and the creation of a context document to better assess individual needs beyond the SIS-A framework is in progress.
- Community forums were held across the state in the month of April to explain the upcoming changes, answer questions, and hear feedback from individuals, families, and guardians.

DDSD has developed the **Exceptions Process**. This process is designed to ensure individuals with unmet needs under the new model can request additional services and funding. Through a team-based approach, individuals work with the case manager to identify unmet needs, such as 2-to-1 direct support staffing. Using a simplified process to request additional funding to the Division, a decision will be made quickly. As with any Medicaid program, individuals have the right to appeal any decision with which they disagree.

Continuing Action:

When anticipated exceptions are factored in, most provider agencies are estimated to draw down similar amounts or more revenue.

- DAIL is holding ongoing conversations with agencies as to what utilization rate will be the best fit for their PMPM payments under the new model. Agencies that are below the statewide average of 55% service delivery will need to improve service delivery to draw down revenue at current funding amounts.

DDSD is taking a collaborative approach to the transition process, involving both providers and individuals directly impacted by the changes.

- The key areas of focus for a successful transition are assessment completion, communication of budgets and new processes, finalizing the rates and model for public comment, training current service providers and new case managers, setting anticipated utilization rates for each agency, and ongoing data monitoring.

Next Steps:

DDSD will send preliminary budgets in August to communicate changes and give individuals the opportunity to plan to address potential exception requests early. The option to continue receiving

services while waiting for an exception decision will be an option to help reduce disruption in services and provide stability during the transition.

Allowing individuals who may need to complete assessments close to or after the transition to maintain current services is an option the department is committed to upholding to ensure that everyone is able to transition.

Ongoing Monitoring with Encounter Data: Regular monitoring of encounter data through meetings with agencies helps to keep things transparent and allows for adjustments to be made quickly, if needed. This will likely help ensure that services are aligned with actual demand and utilization.