



VERMONT LEGISLATIVE Joint Fiscal Office

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Issue Brief

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Global Commitment to Health: A Primer

Executive Summary

- Global Commitment is the name of the agreement between the State of Vermont and the federal Centers for Medicare and Medicaid Services (CMS) used to administer the majority of Vermont's \$1.8 billion Medicaid program.¹
- It is known as a Section 1115 Demonstration project (often referred to as a “waiver”), which encourages state innovation and provides states with flexibility in designing and improving state Medicaid programs without spending more than would have been spent in the absence of the waiver.
- A new agreement was recently approved by CMS and is effective July 1, 2022, through December 31, 2027.²

Act 74 of 2021 directed the Agency of Human Services to “strive to maintain or increase the State’s flexibility to use Global Commitment to increase access to care and coverage, improve health conditions, strengthen health care delivery, and promote transformation to value-based and integrated models of care” when seeking to extend or renew Global Commitment.

The purpose of this document is to provide a high-level overview of Global Commitment.

Background

Global Commitment to Health (Global Commitment) is the name of the agreement between the State of Vermont and the federal Centers for Medicare and Medicaid Services (CMS) that is used to administer the majority of Vermont's Medicaid program. It is what is known as a Section 1115 Demonstration Project, referring to section 1115 of the Social Security Act that permits the federal government to approve experimental, pilots, or demonstrations (often referred to as “waivers”) that waive certain provisions of the Medicaid law to give states flexibility and encourage state innovation in designing and improving state Medicaid programs while remaining budget neutral to the Federal Government (meaning federal Medicaid expenditures will not be more than federal spending in the absence of the waiver). States can have more than one 1115 waiver agreement with CMS at the same time. In fact, between 2005 and 2015, Vermont had two 1115 waiver agreements – Global Commitment and Choices for

¹ In FY 2021, overall Medicaid and Medicaid-related expenditures in Vermont totaled \$1.8 billion.

² http://humanservices.vcms9.vt.prod.cdc.nicusa.com/sites/ahsnew/files/doc_library/VT-GCH-Extension-Approval-06-28-2022.pdf

Care.³ According to the Kaiser Family Foundation (KFF), as of June 22, 2022, at least 40 States had at least one approved and/or pending 1115 waiver.⁴

States generally enter into waiver agreements with the federal government that reflect their priorities and goals. For instance, in Vermont, Act 74 of 2021 directed the Agency of Human Services (AHS) to “strive to maintain or increase the State’s flexibility to use Global Commitment investment dollars to increase access to care and coverage, improve health outcomes, strengthen health care delivery, and promote transformation to value-based and integrated models of care” when seeking to extend or renew Global Commitment.⁵

States typically receive approval for a five-year period, after which they can request three- to five-year extensions. While the Global Commitment waiver has been renewed four times since its inception in 2005, the terms and conditions have evolved significantly as the needs of Vermonters have changed, as well as the priorities of policy and decision makers at both the state and federal levels. The recently negotiated Global Commitment agreement is effective July 1, 2022, through December 31, 2027. In addition to extensions, States can request amendments to the effective waiver. Since its inception in 2005, Vermont has been approved for 10 waiver amendments.

Programs, Initiatives, and Spending Authority

The Global Commitment Waiver has enabled Vermont to fund and implement many programs and initiatives that would not have existed in the absence of the waiver. These include, but are not limited to the following programs:

- *Choices for Care*, which provides a package of long-term services and supports to Vermonters in need of nursing home level of care, allowing eligible people to choose to receive their services – in their home, in their family’s home, in an adult family care home, in enhanced residential care or in a nursing facility.
- *VPharm*, which is a prescription assistance program that helps income eligible individuals pay for their Medicare Part D coverage by covering their Part D premiums and prescription co-pays.
- Coverage of Opioid/Substance Use Disorder (OUD/SUD) services for Medicaid-eligible individuals provided in residential and inpatient treatment settings that qualify as an Institution for Mental Disease (IMD), which would not otherwise be matchable under Medicaid.
- *Vermont Premium Assistance*, which provides premium subsidies (in addition to federal premium subsidies) to eligible individuals who purchase health insurance through Vermont Health Connect and who are not otherwise eligible for Medicaid.
- *Mental Health Community Rehabilitation and Treatment (CRT)*, which provides comprehensive services and supports to adults coping with and recovering from the impact of severe and persistent psychiatric conditions.
- *Supportive Housing Assistance Pilot*, which is a new program that will provide individuals with services to successfully transition into and maintain residency in close coordination and collaboration with agencies that provide rental assistance.

These and other programs would not exist or would not be eligible for federal matching dollars in the absence of Global Commitment.

³ Choices for Care was rolled into Global Commitment in 2015.

⁴ KFF Medicaid Waiver Tracker: <https://www.kff.org/medicaid/issue-brief/medicaid-waiver-tracker-approved-and-pending-section-1115-waivers-by-state/>

⁵ Sec. E.301.1, Act 74 (H.439) of 2021, <https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT074/ACT074%20As%20Enacted.pdf>

Managed Care-Like Model

Under Global Commitment, the Department of Vermont Health Access (DVHA) operates a managed care-like model in how it operates, adhering to specific standards and requirements in how it operates as per Federal Medicaid Managed Care regulations (42 C.F.R. § 438). Unlike a private managed care organization or entity that would enter into a contract with a state to manage its Medicaid population, Vermont is unique in that the Agency of Human Services (AHS) enters into an inter-governmental agreement (IGA) with the Department of Vermont Health Access (DVHA) making it the only public Medicaid-managed care entity in the country.

One of the major highlights of Global Commitment has been the ability to draw federal matching dollars for what are known in the special terms and conditions of the agreement as “investments.” In traditional managed care programs, when a program achieves savings, those dollars become profit to the managed care entity. In Vermont, these savings are repurposed as investments. These dollars, with CMS approval, can be spent on programs and initiatives that meet the criteria listed below.

- Reduce the rate of uninsured and/or underinsured in Vermont
- Increase the access to quality health care by low-income, uninsured, and underinsured individuals and Medicaid beneficiaries in Vermont
- Provide public health approaches, investments in social determinants of health, and other innovative programs that benefit low-income, uninsured, and underinsured individuals and Medicaid beneficiaries in Vermont
- Implement initiatives to increase transformation to value-based and integrated models of care
- Provide home- and community-based services and supports necessary to increase community living for individuals in Vermont at risk of needing facility-based care

In FY 2020, Vermont spent \$123.9 million on investments.⁶ In FY 2023, Vermont is authorized to spend up to \$158 million on investments.⁷ These are a mix of State and federal dollars. In the absence of Global Commitment, many of these programs would either not exist or would be paid for with state dollars only.

Relationship with the All-Payer Model

Vermont’s All-Payer Accountable Care Organization (ACO) Model Agreement (often referred to as the “All-Payer Model” or “APM”) is an agreement between Vermont and the federal government that allows Medicare to join Medicaid and commercial insurers to pay differently for health care with the goal of shifting payments from a fee-for-service system to a payment system based on value, high quality-care, and good health outcomes at a lower cost. While Global Commitment and the APM are two separate agreements authorized by CMS, they are required by CMS to be in sync. According to AHS, Medicaid is the anchor payer for the APM, with over 80% of Medicaid beneficiaries attributed to the ACO. Further, Medicaid and Global Commitment play a crucial role in the State’s value-based payment initiatives that are central to the success of the APM.

Role of the Legislature

The role of the legislature regarding the Medicaid waiver is generally limited to funding and budgetary actions, authorizing AHS to seek or renew a new waiver (through legislation), providing guidance and policy decisions (such eligibility rules), and general oversight.

⁶ Annual report on Global Commitment Investments, <https://legislature.vermont.gov/assets/Legislative-Reports/Annual-Report-on-the-Global-Commitment-Investments-10.1.20-Final.pdf>

⁷ Annual investment limits, page 55 of the approved 1115 waiver agreement, http://humanservices.vcms9.vt.prod.cdc.nicusa.com/sites/ahsnew/files/doc_library/VT-GCH-Extension-Approval-06-28-2022.pdf

Appendix: Resources

- Agency of Humans Services 1115 Waiver Documents.
<https://humanservices.vermont.gov/about-us/medicaid-administration/global-commitment-health-1115-waiver/1115-waiver-documents>
- Current CMS Approved Global Commitment to Health Section 1115 Waiver.
http://humanservices.vcms9.vt.prod.cdc.nicusa.com/sites/ahsnew/files/doc_library/VT-GCH-Extension-Approval-06-28-2022.pdf
- National Conference of State Legislatures (NCSL), Medicaid 1115 Waivers by State.
<https://www.ncsl.org/research/health/medicaid-1115-waivers-by-state.aspx>
- Kaiser Family Foundation (KFF), Medicaid Waiver Tracker: Approved and Pending Section 1115 Waivers by State.
<https://www.kff.org/medicaid/issue-brief/medicaid-waiver-tracker-approved-and-pending-section-1115-waivers-by-state/>
- Medicaid.gov. About Section 1115 Demonstrations.
<https://www.medicaid.gov/medicaid/section-1115-demonstrations/about-section-1115-demonstrations/index.html>
- CMS Budget Neutrality Policies for Section 1115 Medicaid Demonstration Projects.
<https://www.medicaid.gov/sites/default/files/federal-policy-guidance/downloads/smd18009.pdf>