VERMONT

AGENCY OF HUMAN SERVICES
DEPARTMENT OF VERMONT HEALTH ACCESS

BUDGET ADJUSTMENT: STATE FISCAL YEAR 2022

Department's Mission: Improve the health and well-being of Vermonters by providing access to quality health care cost effectively.

State Fiscal Year 2022 Summary: The Department of Vermont Health Access (DVHA) state fiscal year 2022 budget adjustment request includes a decrease in Administration of $222,978 (gross) and an increase in Program of $107,179,851 (gross) for a total of $106,956,873 (gross) in new appropriations; additional information for explanatory purposes is provided under the Administration and Program sections below.

Appropriation	GROSS	STATE FUNDS
B.306 DVHA Administration	($222,978)	$2,655,769
B.307 Global Commitment Program	$97,591,184	$42,940,121
B.309 State Only Program	$7,662,069	$2,332,034
B.310 Non-Waiver Program	$1,926,598	$153,187
Total Change	$106,956,873	$48,081,111

The programmatic changes in DVHA's budget are spread across three different covered populations: Global Commitment, State Only, and Medicaid Matched Non-Waiver; the descriptions of the changes are similar across these populations, so these items have been consolidated for purposes of discussion within this narrative. However, the items are repeated appropriately in the Ups/Downs document. DVHA has numerically cross walked the changes listed below to the Ups/Downs and included an appropriation level breakdown table whenever an item is referenced more than once in the Ups/Downs document.

B.306 ADMINISTRATION ($222,978) GROSS / $2,655,769 STATE

1. VT Health Information Exchange (VHIE) Contract and Grants Changes. . . ($845,460) / ($255,480) state

Vermont Information Technology Leaders (VITL) is designated to operate the exclusive statewide Vermont Health Information Exchange (VHIE) network for the State of Vermont (18 V.S.A. § 9352). The State provides funding to VITL through the State Health Information Technology Fund and through the State's matching fund agreements with the federal government. 32 V.S.A. § 10301 explicitly authorized expenditures from the Health Information Technology Fund.

Appropriation	GROSS	STATE FUNDS
B.306 Personal Services	($565,460)	($175,480)
B.306 Grants	($280,000)	($80,000)

These contract changes adjust deliverables to continue administration of the VHIE through Calendar Year 2021. In 2021, the VHIE continued to support response to the COVID-19 public health emergency through multiple critical avenues including the facilitation of lab result delivery to the Vermont Department of Health and by creating interfaces that allow providers direct access to the Vermont Department of Health

Laboratory testing results data. Simultaneously, the VHIE remained on target in hitting critical milestones in the HIE Strategic Plan.

2. Technical Adjustment to move Act 48 funds from State-Only to Admin. . . . . $200,000 / $200,000 state

The Legislature provided $1.4 million in DVHA's State-Only appropriation for the purpose of offering grants/reimbursements for providers delivering health care services for children and pregnant individuals not eligible for Medicaid because of their immigration status, grants to organizations that work with this population for outreach and information, and for implementing the technological and operational processes necessary for the Immigrant Health Insurance Plan beginning on July 1, 2022. This transfers $200,000 to DHVA's Administration appropriation: $150,000 for personnel and contract costs (e.g., to allow the MMIS to process claims for these individuals beginning July 1, 2022), and $50,000 for operations and Agency of Digital Services (ADS) costs.

Appropriation	GROSS	STATE FUNDS
B.306 Administration	$200,000	$200,000
B.309 State Only Program	($200,000)	($200,000)

3. Patient Access to Healthcare Information Contract (Interoperability). . . . . .$281,333 / $140,666 state

This project is being undertaken to comply with the Centers for Medicare and Medicaid (CMS) Interoperability and Patient Access final rule CMS-9115-F and the Office of the National Coordinator (ONC) for Health Information Technology 21st Century CURES Act, which aims to empower Americans with their health data by delivering it conveniently through computers, cell phones, and mobile applications.

4. Changes to VT Health Information Exchange Cost Allocation.. . . . . .$0 / $2,429,434 state

This reflects two unfavorable changes to the Vermont Health Information Exchange (VHIE) cost allocation following the expiration of HITECH funding, and the corresponding need to cover VHIE maintenance and operations (M&O) costs via a Centers for Medicare and Medicaid Services (CMS) approved cost allocation plan. First, the current Medicaid population-based geographic statistic only enables 32% of total M&O cost to receive Federal Financial Participation (FFP), and this will be the case until data is available to allow attribution of Medicaid members to the VHIE using a provider-based or transaction-based statistic; this in turn is expected to enable approximately 65% of VHIE activity to be attributed to Medicaid members, and thus receive FFP. Second, until the VHIE receives CMS certification (expected in January), Medicaid M&O costs will only receive 50% FFP, versus 75% enhanced FFP upon certification.

5. Transfer of HIT Match from AHS' Carry-forward (AHS net-neutral). . . . . .$141,149 / $141,149 state

This technical adjustment transfers Delivery System Reform Health Information Technology (HIT) spending authority to DVHA from AHS to fund OneCare HIT investments.

PROGRAM $107,179,851 GROSS / $45,425,342 STATE

6. Caseload & Utilization Annual Changes. . . . . .$67,520,950 / $28,727,103 state

DVHA updates the Medicaid Consensus Forecast (i.e., a collaborative process for estimating caseload and utilization) with the Joint Fiscal Office, the Department of Finance and Management, and the Agency of Human Services twice each year as part of the State's Consensus Revenue Forecasting process.

The COVID-19 pandemic continues to be the primary factor driving caseload and utilization expectations for the balance of fiscal year 2022. After several years of steady decline, Vermont's Medicaid enrollment has grown since the start of the pandemic in March 2020. This is a result of the federal requirement to maintain continuous health care coverage during the federal COVID-19 Public Health Emergency (PHE) and individuals experiencing pandemic-related economic challenges as a result of the economic impact of the pandemic. Continuous Medicaid coverage is a condition of receiving the 6.2% enhancement in Federal Medical Assistance Percentage (FMAP) as authorized in the Families First Coronavirus Response Act (FFCRA). The federal government is providing this increased FMAP to support states and promote stability of health care coverage during the pandemic.

DVHA has taken many steps to facilitate access to health insurance and comply with the continuous coverage requirement during the COVID-19 PHE including:

- Extending Medicaid coverage periods (meaning the Department is not processing the redeterminations that could result in loss of Medicaid) until after the Emergency ends.
- Suspending certain termination of health insurance (meaning the Department is generally not ending Medicaid coverage during the Emergency unless the customer requests it).
- Temporarily waiving financial verifications required for those seeking to enroll in health insurance.

The most recent Medicaid Consensus Forecast completed in August projects that the federal PHE will continue through January 2022, but that resuming processing of redeterminations and corresponding terminations will not result in a gradual decline of Medicaid enrollment until at least May 2022; as such, enrollment is expected to remain elevated for the balance of SFY2022.

Appropriation	GROSS	STATE FUNDS
B.307 Global Commitment	$67,862,775	$29,859,621
B.309 State Only	($1,484,879)	($1,484,579)
B.310 Non-Waiver	$1,143,054	$352,061

7. Transfer from DMH for Brattleboro Retreat (AHS net-neutral). . . . . $13,000,000 / $5,720,000 state

The Department of Mental Health (DMH) is transferring funds to DVHA in support of the Alternative Payment Model (APM) contract between DVHA and the Brattleboro Retreat whereby the Retreat receives monthly fixed prospective payments in exchange for providing 24/7 psychiatric services and maintaining a fixed number of Level I beds and adult and children inpatient days for Medicaid members.

Appropriation	GROSS	STATE FUNDS
B.307 Global Commitment	$3,436,758	$1,512,174
B.309 State Only	$9,563,242	$4,207,826
B.310 Non-Waiver	$0	$0

8. Transfer from DMH for NFI Vermont (AHS net-neutral). . . . . $207,784 / $91,425 state

DMH is transferring funds to DVHA to align NFI Vermont's hospital diversion program Medicaid reimbursement rates with a more reliable and predictable process that relies on the Inpatient Prospective Payment System (IPPS) methodology.

9. Annual Medicaid Rate Adjustments . . . . . $4,716,275 / $2,069,406 state

DVHA has established reimbursement goals to be a reliable and predictable payer for Vermont Medicaid-participating providers; this is important because these providers often furnish services to underserved and underrepresented communities. Professionalizing provider reimbursement includes aligning with established rate methodologies (e.g., the Resource-Based Relative Value Scale (RBRVS) for physician services, Outpatient Prospective Payment System (OPPS) for hospital services, etc.), and including requests for rate increases as part of the State's annual budget development process to maximize transparency. Because of continued pressure on DVHA's budget resulting from increased caseload, DVHA will not be able to continue to support rate increases aligned with established methodologies unless funding is specifically requested and appropriated for this purpose.

Appropriation	GROSS	STATE FUNDS
B.307 Global Commitment	$4,672,677	$2,055,978
B.309 State Only	$0	$0
B.310 Non-Waiver	$43,598	$13,428

10. Performance Year 2020 ACO Settlement. . . . . $15,396,860 / $6,745,252 state

The Vermont Medicaid Next Generation (VMNG) Accountable Care Organization (ACO) program is a Scale Target ACO Initiative as described in the Vermont All-Payer Accountable Care Organization Model agreement with the Centers for Medicare and Medicaid Services (CMS). This initiative also represents DVHA's priority for an integrated health care system where providers accept financial risk for the cost and quality of care. DVHA has contracted with OneCare Vermont to participate in the VMNG program since 2017. Each year, DVHA and OneCare agree on the price of health care for attributed Medicaid members upfront, and in performance year 2020, spending for ACO-attributed members was less than the

expected price. Because of the contractual risk-sharing arrangement, OneCare Vermont is entitled to a reconciliation payment of approximately $15.4 million.

Appropriation	GROSS	STATE FUNDS
B.307 Global Commitment	$15,174,388	$6,676,731
B.309 State Only	$0	$0
B.310 Non-Waiver	$222,472	$68,521

11. Access to Care – Emergency Department Per Diem Rates . . . . . .$250,000 / $109,695 state

The objective of this proposal is to compensate Emergency Departments (ED) for those beds being occupied by members simply awaiting placement that is unavailable. It should also reduce ED wait times by providing a per diem rate for providers. The per diem rate will require payment authorization and have clinical oversight by the Department.

Appropriation	GROSS	STATE FUNDS
B.307 Global Commitment	$247,689	$108,983
B.309 State Only	$0	$0
B.310 Non-Waiver	$2,311	$712

12. Annual Medicare Buy-In and Caseload Changes . . . . . .$6,247,250 / $2,522,118 state

The federal government allows for states to use Medicaid dollars to "buy-in" to Medicare on behalf of dually eligible beneficiaries who would otherwise be fully covered by Medicaid programs. Caseload and member month costs vary from year to year. This change incorporates a rate increase and trend in member months. DVHA experienced an increase to Buy-In enrollment as a result of progress correcting and updating the eligibility files exchanged between CMS and DVHA, and CMS announced a significantly larger-than-expected 14.5% increase to Medicare Part B premiums on November 12.

Appropriation	GROSS	STATE FUNDS
B.307 Global Commitment	$5,776,874	$2,541,825
B.309 State Only	($44,787)	($19,706)
B.310 Non-Waiver	$55,163	$0

13. High-Technology Nursing Payment Reform. . . . . .$152,239 / $66,985 state

This initiative creates a fee-for-service (FFS) hybrid payment model for the High-Technology Nursing program services delivered by home health agencies.

The High-Technology Nursing program is an intensive home care program operating as an authorized Vermont Medicaid benefit for eligible individuals dependent upon medical technology or whose condition requires regular individual and continuous care by a Registered Nurse (RN) or Licensed Practical Nurse (LPN) and requires greater skill than a Home Health Aide or Personal Care Assistant can provide.

14. Medicaid Expense Transfer from DCF (AHS net-neutral) .. . .$60,000 / $26,400 state

The Department for Children and Families is transferring funds to DVHA to move the Family Service Division (FSD) Medical Service payments to DVHA, primarily for the cost of emergency medical services for children in out-of-state custody.

15. Annual Medicare Clawback Changes. . . . . ($171,507) / ($171,507) state

The Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA), which established the Medicare Part D prescription drug program, eliminated Medicaid prescription drug coverage for people dually eligible for Medicare and Medicaid (duals) and required all duals to receive their drug coverage through a Medicare Part D plan. This reduced state costs; however, MMA also required states to reimburse the federal government for costs associated with the transfer of prescription drug coverage for this population from state Medicaid programs to Medicare.

This cost reduction is driven primarily by the 6.2% enhanced Federal Medical Assistance Percentage (FMAP) rate that was applied to Clawback payments.

16. CHIP FMAP Changes . . . .$0 / ($281,535) state

This item depicts the anticipated changes to the Children's Health Insurance Program (CHIP) Federal Medical Assistance Percentage (FMAP) in fiscal year 2022.

Appropriation	GROSS	STATE FUNDS
B.307 Global Commitment	$0	$0
B.309 State Only	$0	$0
B.310 Non-Waiver	$0	($281,535)