

Agency of Human Services, Secretary Doug Racine House Appropriations, February 6, 2012

Thank you for the opportunity to present the Governor's Recommended 2013 budget.

AHS is the largest agency in state government with a gross budget of over \$2 Billion and 3,379 employees proposed for FY'13.

The Agency is heavily dependant on Federal Funds. Federal funds compose over 53% of AHS programs when adjusted for the Global Commitment Funding that flows twice through the AHS appropriations. Excluding Corrections, Federal funds are 57% with General Funds covering only 23%. The Department of Corrections utilizes 23% of all AHS General Funds.

- The AHS 2013 Governor's Budget request reflects the priorities to provide support for the state's safety net programs and the people who depend on them. AHS's 2013 budget request is 6.0% higher than our 2012 appropriated budget in total and 5.9% in General Fund.
- That said, the 5.9% increase in GF is primarily related to following changes:
 - Replace lost federal funds \$20.5M (FMAP change Title XIX \$19.4M; Title IV-E and Other \$1.1M)
 - Replace declining tobacco settlement funds \$6.0M
 - Replace FY 2012 one-time funds \$32.1M
 - Use one-time funds in FY 2013 build -\$20.0MAbsent the above changes the AHS 2013 GF budget would have decreased by -1.2%
- Items similar to what has been presented in BAA
 - Fee For Space – (Waterbury backed out)
 - Consolidation of Information Technology managers in AHS Central Office
 - Request to fold the Catamount fund into SHCRF
 - Graduate Medical Education
 - Annualization of the BAA requested DVHA and DCF positions
- New items in 2013
 - Revenue Enhancements
 - Hospital Provider Assessment:
 - Hospital Provider Assessment normal growth plus additional revenue from the rate moving from 5.9% to 6.0%. \$1.8M
 - Other Medicaid Revenue Enhancements:
 - Increase in the cigarette tax revenue collections
 - Plan to carry forward \$38M (\$16.6M of GF) of Global Commitment funds unused from SFY '11 to SFY '13.
 - Plan to carry forward \$1.1M of General Fund in the DVHA Long Term Care appropriation from SFY '12 to SFY '13.
 - Some increase in Home Health Agency Rates
 - Fees increase in VDH for restaurants and other activities; DAIL request for a new fee for Assistive Technology Services

- Expenditure Reductions
 - AHS Central Office
 - Vermont Legal Aid Grant (AHS CO) 100K gross - \$35K GF (4% of AHS total funding)
 - Department for Children and Families
 - Post Secondary Education grants – Champlain and CCV (eliminated 50% in FY11) \$150K
 - Treat SSI income comparable to SSA Income for TANF families -\$927K
 - Not replace loss of Federal funding to UVM - \$40K
 - Disabilities, Aging and Independent Living
 - Not pay for some DS services while recipient is hospitalized -825K gross
 - Nursing home utilization not reinvested -2.8M Gross
 - Case Management services for some Choices For Care recipients -780K gross
 - DVHA
 - Managing High Risk pregnancies, substance abuse services more intently
 - Pharmacy – limit 1st fills, other process changes
 - Clinical Utilization Review Board and Utilization Review increased scrutiny/review
 - Transportation changes to comply with CMS expectations
 - Restructured reimbursement rate for multiple ultrasounds
 - Medicaid Insurance Companies cross check
 - DVHA – restructure co-pays to comply with CMS regulations pertaining to maximum out of pocket @ 5%
 - Expand Vermont Chronic Care Initiatives
 - Concurrent Reviews on inpatient stays with providers
- Expenditure Increases
 - Positions
 - 4 above -- BAA for DVHA for VCCI expansion
 - 1 housing grants coordinator with DOC
 - VSH staff reductions as new services come on line.
 - DOC continue to convert long term temps to classified (16)
 - DOC continue investments in transitional housing
 - Funded consensus caseload for Health Care Medicaid Eligibility Groups
 - Funded current provider capacity for Methadone \$636k gross
 - Positions and increases for several new Federal Grants moving through AA-1 and several that have been approved
 - Hospital Rates \$3.7M gross
 - Nursing Home Rates \$3.4M gross
 - STARS \$1.6M GF
 - DCF child development caseload increase \$496K GF
 - Foster Care USDA inflationary increase \$76K GF
- Other Items of Note
 - Information Technology challenges
 - Reduced the level, not eliminate, the use of one time funds used to build base budget
 - Adjusted VDH funding to reflect increased federal earnings
 - DMH / VSH – major changes that will be discussed during the session.
 - No increases/inflation for almost all providers (exceptions: nursing homes, foster care, child care – STARS)

- The agency is comprised of:
 - The Department for Children and Families –
 - Child Development
 - Economic Services
 - Family Services
 - Child Support
 - Disability Determination
 - Economic Opportunity
 - The Department of Corrections –
 - Administration, Facilities
 - Field Services
 - Placement Services
 - Program Services
 - Restorative and Community Justice.
 - The Department of Disabilities, Aging and Independent Living –
 - Blind and Visually Impaired
 - Disability and Aging Services
 - Licensing and Protection
 - Vocational Rehabilitation
 - The Department of Health –
 - Administration
 - Public Health (including divisions that were previously separate appropriations)
 - Alcohol and Drug Abuse Programs
 - Department of Mental Health –
 - Vermont State Hospital
 - Community Mental Health
 - The Department of Vermont Health Access –
 - Health Care Reform, Medicaid
 - State Children's Health Insurance Program
 - Other publicly funded health insurance programs in Vermont
 - Secretary's Office –
 - Field Services
 - Health Care Operations, Compliance, and Improvement
 - Chief Information Officer
 - AHS Fiscal Unit
 - Division of Rate Setting
 - Commission on Community and National Services
 - Coordination of statewide housing efforts - Director of Housing