



MICHAEL K. SMITH, SECRETARY

STATE OF VERMONT
AGENCY OF HUMAN SERVICES

MEMORANDUM

TO: Legislative Medicaid Working Group: Senators Bartlett, White, Kitchel, Sears, Leddy, Representatives Larson, Pugh, O'Donnell, Severance, Chen

CC: Senate Appropriations Committee, Senate Health and Welfare Committee, House Appropriations Committee, House Health Care Committee, House Human Services Committee

FROM: Michael K. Smith, Secretary

DATE: March 14, 2005

SUBJECT: Global Commitment

It has come to my attention that the Concept Paper outlining the types of flexibilities that the State of Vermont might choose to pursue under the Global Commitment to Health has raised concerns. Let me assure you that the only policy changes contemplated for SFY 2006 are included in the Governor's budget recommend as introduced to the General Assembly in January. The office of Vermont Health Access has the budget document on its web site (www.ovha.state.vt.us). It has always been the intention and practice of the Administration to have any and all policy changes to the Medicaid Program and the State's direction regarding the health care system subject to significant legislative involvement and a thorough public process.

Further, this memo is intended to clarify two specific points regarding the nature of the Global Commitment to Health. As a 1115a waiver demonstration project that includes the entire Medicaid Program in Vermont, the Global Commitment to Health has been designed to:

- 1) Establish a financial agreement between the Federal Government and the State of Vermont over a five-year term. This arrangement is premised on a base year allotment that is inflated over the term of the demonstration project at a rate that reflects a combination of Vermont specific historical caseload growth and projected aggregate expenditure increases over the course of the next five years.
- 2) Return decision making to Vermont by reducing the breadth and depth of Federal oversight. The demonstration project will include details regarding the public decision making process within Vermont that will include legislative approval, and ensure broad participation and support of policy directives. This process will occur prior to any roll-out of new policy directions within the Medicaid Program.