DVHA FY2027 Budget

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Overview

DVHA Overview

SFY 2027 Budget

DVHA SFY 2027 Admin Budget

DVHA SFY 2027 Program Budget

One-time Funding

Key Accomplishments

General Fund (GF amounts include both direct GF appropriations and the state match needed for any Global Commitment (GC) funds. This match is appropriated in the AHS CO GC budget

Items in blue font were also discussed in our BAA presentation

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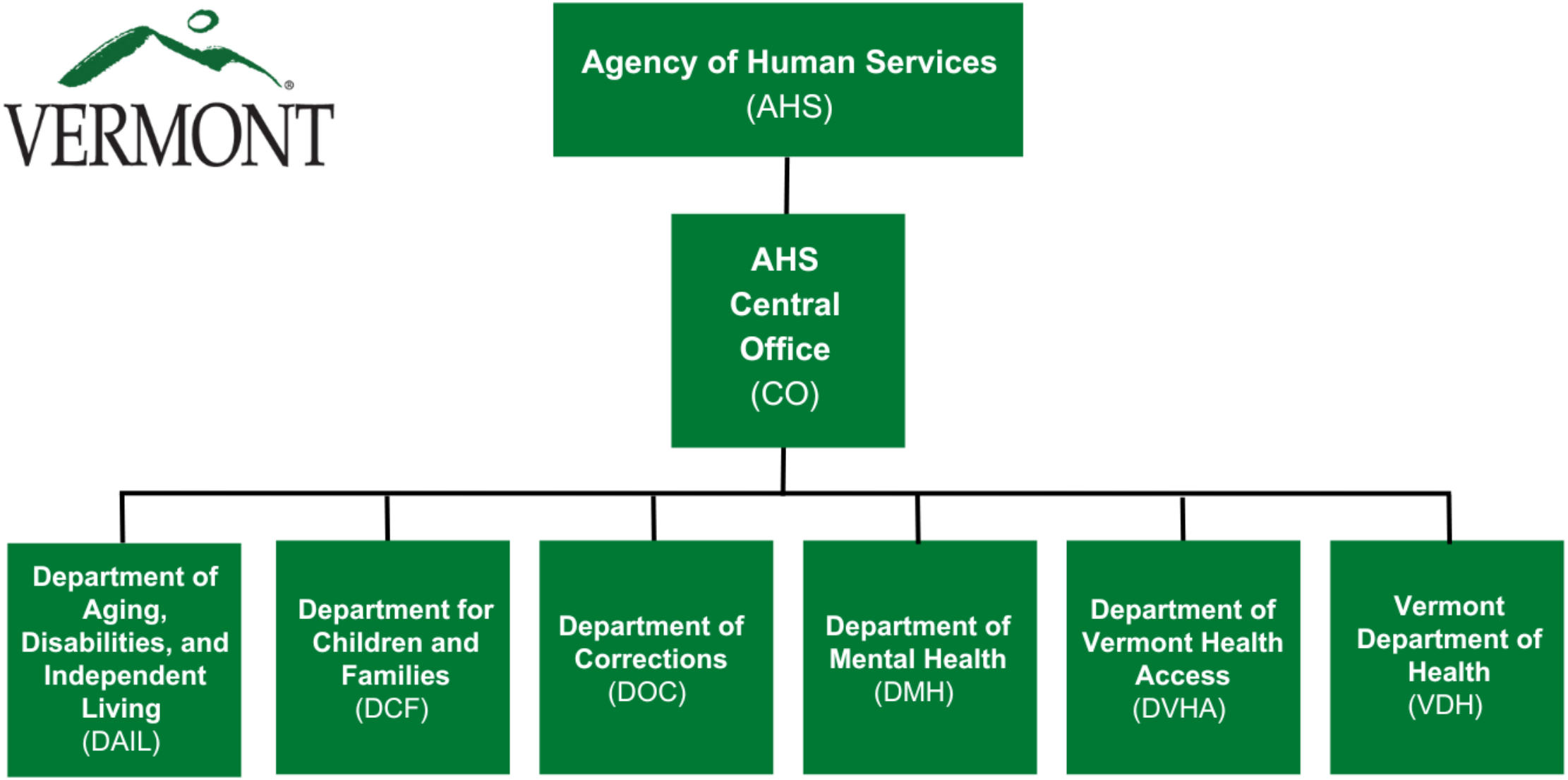
Agency of Human Services
(AHS)
AHS
Central
Office
(CO)
Department of Aging, Disabilities, and Independent Living
(DAIL)
Department for Children and Families
(DCF)
Department of Corrections
(DOC)
Department of Mental Health
(DMH)
Department of Vermont Health Access
(DVHA)
Vermont Department of Health
(VDH)

Mission, Values, Priorities

Mission

Improve Vermonters' health and well-being by providing access to high-quality, cost-effective health care.

Values

Transparency – We trust that we will achieve our collective goals most efficiently if we communicate the good, the bad, and the ugly with our partners and stakeholders.

Integrity – In the words of psychologist Brené Brown, we commit to "choosing courage over comfort.… choosing what is right over what is fun, fast, or easy…. choosing to practice [our] values rather than simply professing them."

Service – Everything we do is funded by taxpayers to serve Vermonters. Therefore, we must ensure that our processes and policies are person-centered.

Priorities

Champion Member Centric Excellence

Promote a High-Quality Provider Network

Advance Population Health & Quality Improvement

Strengthen Operational Infrastructure &System Modernization

Invest in People & Organizational Resilience

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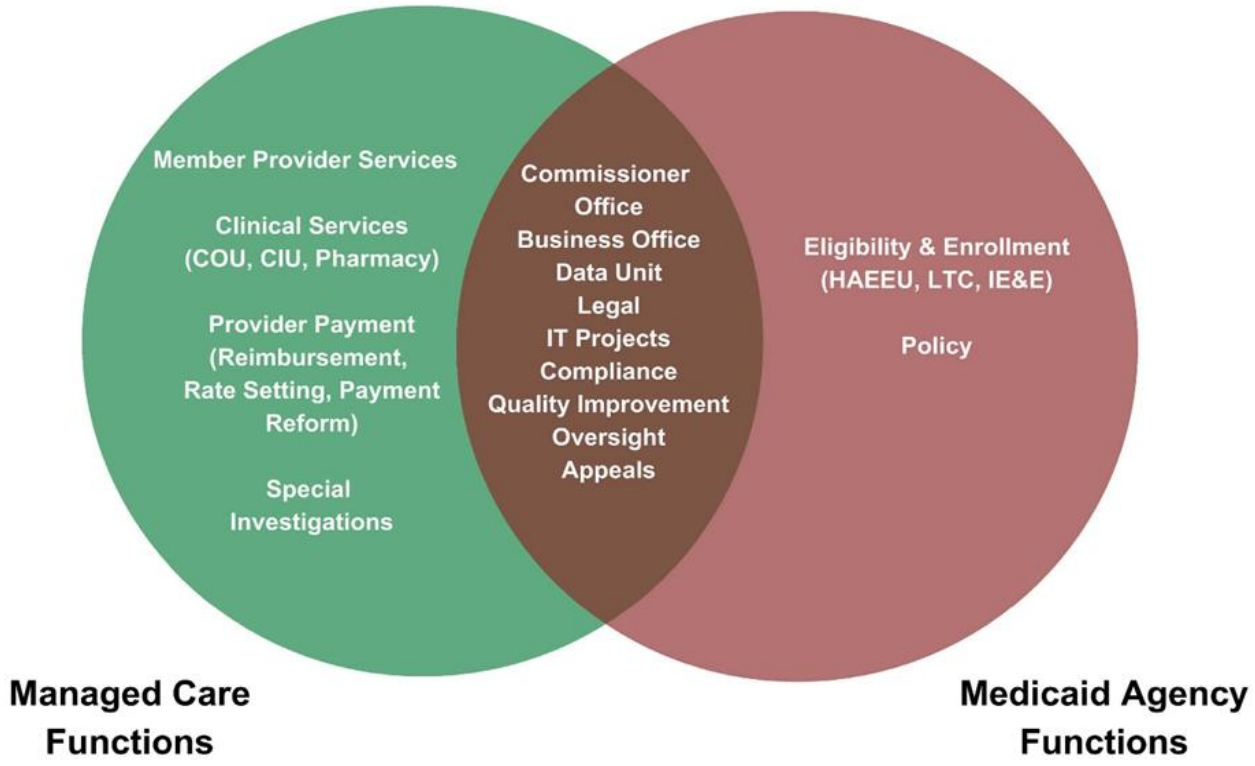
DVHA Serves a Unique Role as Medicaid Managed Care Program

Also serves core Medicaid program functions



DVHA Admin Budget – Staff

Salary & Wages **$1.61m GF / $1.37m Gross**

This reflects the impact of Pay Act, annualization of new positions in VCCI, as well as any reclassifications or merit increases. This also reflects updated funding allocation based on the primary work performed by staff.

Benefits

Health Care	$0.69m GF / $0.92m Gross
Retirement	$0.47m GF / $0.41m Gross
All other, FMLI, Childcare	$0.13m GF / -$0.03m Gross

Vacancy Savings **-$0.72m GF / -$1.46m Gross**

DVHA's current vacancy and turnover time have been running at just over 5%, above the 3% level currently budgeted

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DVHA Admin Budget - Contracts

VLA Medicare Advocacy Program Contract **-$274k GF / -$547k Gross**

Proposing this contract be cancelled effective July 1, 2026 as statutory objective for recoveries in excess of contract cost has not been met.

Chief Medical Officer Support Contracts **$27k GF / $54k Gross**

IT System Contracts

MMIS (Gainwell) updates and maintenance **$0.15m GF / $1.14m Gross**

Call Center (Maximus) **$52.7k GF / $150.7k Gross**

HEDIS contract discontinued **-$151k GF / -$302k Gross**

MDWAS can now provide HEDIS measures allowing discontinuation of the standalone contract

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DVHA Admin Budget – ADS and Operating Expenses

ADS Held Contracts

MDWAS (Deloitte) annualized maintenance and operations	**$2.12m GF / $8.49m Gross**
Oracle licenses increased cost	**$140k GF / $400k Gross**
MMIS (Gainwell)	**$67k GF / $665k Gross**

Operating Expenses

Net of all Internal Service Fund charge changes	**$0.60m GF / $1.27m Gross**
Rent - new leased space	**$159k GF / $441k Gross**

DVHA is slated to move into newly leased space at several Pilgrim Park locations in Waterbury owned by Malone Superior LLC.

HR 1 Impacts To DVHA Admin Budget

HR 1 is driving several significant changes to Medicaid eligibility that need to be implemented by January 1, 2027 including:

- Changes to health care eligibility based on immigration status,
- More frequent redeterminations (every 6 months) for new adults,
- Community engagement (work requirements) for new adults.

DVHA has estimated a total of 12 new positions will be needed in the eligibility unit to meet these requirements. The positions will be reassigned from the position pool, and we are requesting funding of just over **$1m ($510k GF)** for the estimated 9 months of position costs in SFY27 plus equipment needs. This cost will need to be annualized in the SFY28 budget.

These changes also impact our operating costs as more notices will be required to be printed and mailed on an ongoing basis; this is expected to cost **$290k of which the GF share is $72.5k**. HR1 driven system changes will be funded by State one-time appropriations and federal grants.

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School Based Services will move to DVHA

Effective 10/1/2026, Medicaid School-Based Services will be administered by DVHA, and AOE will retain responsibility for alignment with education policy. The statutory amendments effectuating this change are in H.558/S.200. DVHA's budget will be adjusted to include new SBS special fund appropriations. There is no GF impact because of this change.

One New SBS positions in DVHA Business Office: **$70k SBS SF / $70k FF = $140k Gross**

SBS IT systems annual maintenance expenses **-$375k GF / $1.125m SBS SF / $750k FF/ $1.5m Gross**

New SBS Electronic Health Record (EHR) and Random Motion Time Study (RMTS) systems will be implemented on 10/1/26. Startup costs for both systems are being covered by federal HCBS and grant funding. System will require ongoing maintenance beyond HCBS and grant funding.

Payments to School Districts ~ (projected) **$17.0m SBS SF / ~$17.0m Gross**

DVHA will make interim and final payments (of federal share) to the school districts. These will be based on cost reports and claims submitted by the school districts.

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DVHA Program Budget – Baseline changes

Trend and Baseline Changes (combined across all appropriation lines)	
Consensus -Caseload and Utilization	**$14.93m GF / $35.48m Gross**
Buy- In	**$0.702m GF / $1.675m Gross**
Clawback	**$1.521m GF / $1.521m Gross**
Annualization of MSP expansion (7 months)	**$2.851m GF / $17.37m Gross**
FQHC and RHC 2.7% MEI rate annualized	**$0.693m GF / $1.654m Gross**
Corrections to base budget	
Applied Behavior Analysis – coding correction	**-$0.601m GF / -$1.433m Gross**
Family Planning rate not implementable	**-$0.085m GF / -$0.850m Gross**

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DVHA Program Budget – Policy Changes

Rate Increase

Northeastern Family Institute (NFI) Hospital Diversion Program	$0.251m GF / $0.601m Gross

Policy Changes that are Budget Reductions

Emergency Department per diem	-$0.048m GF / -$0.115m Gross
Dental Incentive Payment	-$0.060m GF / -$0.142m Gross
Increase Rx Co-Pays	-$0.461m GF / -$1.10m Gross
Utilization Management	-$0.922m GF / -$2.2m Gross
Base funding reduction	-$2.01m GF / -$5.0m Gross

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DVHA Program Budget – Policy Changes

Increase Rx Co-Pays **-$0.461m GF / -$1.10m Gross**

An increase in copays to $4 for preferred and $8 for non-preferred drugs.

Utilization Management **-$0.922m GF / -$2.2m Gross**

Concurrent initiatives related to efficiency and systems alignment consistent with best clinical practice in the areas of DME, special rate agreements, coding reviews and other limits.

Base funding reduction **-$2.01m GF / -$5.0m Gross**

This reduction reflects the $4.75 per member per month payment embedded in the OneCare Vermont contract for the Vermont Medicaid Next Generation ACO program which concluded on December 31, 2025.

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SFY27 Requested One-time Funding

HR1 Required Systems changes **$0.30m GF / $3.0m Gross**

The total changes for SFY27 are expected to be in the range of $5m. Just under $2m in 100% federal funds has been awarded to Vermont from HR1 to offset these costs. We expect remaining costs to be matched at 90%. The estimate will be refined and updated over the next several months.

HR1 specific outreach activity will also need to be funded. We hope this $340k gross cost can be covered by the HR1 grant. If CMS determines the grant cannot be used for outreach, we expect the GF need to be 50% of this cost. This will need to be addressed in the updated overall costs over the next several months or in the next BAA.

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SFY27 Requested One-time Funding

Provider Stabilization **$2m GF**

Funding to support providers with demonstrated stabilization needs and a plan to achieve sustainability

Type	Number of Applicants	Number Pending	Number of Approved	Award Amount
Hospital	5	3	1	$350,000
Designated Agency	2	2	0	0
Residential Care	8	1	3	$314,000
Psychiatric Hospital	1	0	0	0
FQHC	4	0	3	$1,675,000
Primary Care	5	0	0	0
Safety Net Clinic	1	0	1	$868,000
SUD Treatment	1	1	0	0

https://legislature.vermont.gov/assets/Legislative-Reports/DVHA-Legislative-Report-Provider-Stabilization-FINAL.pdf

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2025 Key Accomplishments

- Marketplace Stability
- Provider Access and Stability
- Payment Reform and System Transition
- Affordability for Older Vermonters
- Strategic Direction and Governance

2025 Annual Report & Governor's Recommended Budget for State Fiscal Year 2027

https://dvha.vermont.gov/sites/dvha/files/documents/DVHA-25-27-annual-report-and-budget-book.pdf

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