VERMONT CARE PARTNERS

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To: Senate Health & Welfare Committee
From: Vermont Care Partners
Date: 3/12/26
RE: S.194 Language Additions

We respectfully ask that the following language be added to S.194 to support overall system and payment reform efforts.

Section [X] STUDY OF THE DESIGNATED AND SPECIALIZED SERVICE AGENCY SYSTEM

(a) The Agency of Human Services, in consultation with Designated Agencies and Specialized Service Agencies and with the stakeholder group established in subsection (e) of this section, shall conduct a study of the Designated and Specialized Service Agency system to review its current role, responsibilities, and capacity within Vermont's health and human services continuum.

(b) The study shall include, at a minimum:

- A review of the services currently provided by Designated Agencies and Specialized Service Agencies, including identification of essential and specialty services delivered on behalf of the State;
- A review of the statutory, contractual, and administrative framework guiding Designated Agencies and Specialized Service Agencies, focusing on clarifying expectations, responsibilities, and authorities.
- An analysis of how emerging needs, pilot initiatives, and system transformations have expanded or altered agency responsibilities over time;
- Consideration of the system's sustainability, including workforce capacity, financial viability, and administrative burden; and
- Recommendations to clarify essential services, align expectations with resources, and strengthen the long-term stability of the system.

(c) The study shall examine processes by which Designated Agencies and Specialized Service Agencies are asked or required to implement new or expanded operational responsibilities and shall include recommendations to ensure that such changes occur only with prior agreement on funding, staffing, and operational feasibility.

(d) On or before [date], the Agency, in collaboration with the Designated Agencies and Specialized Service Agencies and in consultation with the stakeholder group described in subsection (e) of this section, shall submit a written report with findings and recommendations to the House and Senate Committees on Health Care and on Human Services.

(e) Stakeholder Advisory Group.
The study shall be conducted with the participation of a stakeholder advisory group that shall include:

- the Secretary of the Agency of Human Services or designee;
- the Commissioner of the Department of Mental Health or designee;
- the Commissioner of the Department of Disabilities, Aging, and Independent Living or designee;
- two representatives of Vermont Care Partners representing Designated Agencies and Specialized Service Agencies;
- one representative of the Vermont Developmental Disabilities Council; and
- one representative of individuals receiving services
- a family member of an individual receiving services.

Sec. [X] PLAN; ACCESS TO HABILITATIVE RESIDENTIAL MENTAL HEALTH SERVICES

(1)(a) On or before July 15, 2026, the Department of Mental Health shall initiate the first of as many as five stakeholder meetings for the purpose of identifying and discussing how to best serve individuals with serious mental health conditions residing in residential settings who are determined to require habilitative, rather than rehabilitative, supports. This population includes individuals with long-term and often complex mental health needs, including individuals who may be aging, whose service needs do not align with the time-limited rehabilitative model.

The stakeholder group shall examine the impact of recent system changes implemented to comply with conflict-of-interest free case management requirements that resulted in the shift of residential services to a rehabilitative service structure. The group shall identify options to ensure that individuals who require ongoing habilitative supports can continue to receive stable housing and appropriate clinical care while maintaining program sustainability and compliance with Medicaid billing requirements.

(2) Participating stakeholders shall include:

(A) the Commissioner of the Department of Mental Health or designee;
(B) the Commissioner of the Department of Disabilities, Aging, and Independent Living or designee;
(C) a representative of Vermont Care Partners;
(D) a representative from the House Committee on Health Care and the Senate Committee on Health and Welfare, or their designees.

(b) As part of its fiscal year 2028 budget presentation, the Agency of Human Services, in consultation with the stakeholder group described in subsection (a) of this section, shall submit a plan to the Senate Committees on Appropriations and on Health and Welfare and to the House Committees on Appropriations and on Health Care with recommendations to support the habilitative population in a manner that ensures ongoing clinical care and housing stability. The proposal shall include a spending plan that prioritizes agency support and client care.