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STATE OF VERMONT
AGENCY OF HUMAN SERVICES

MEMORANDUM

TO: Chair Lyons, Senate Committee on Health and Welfare

FROM: Brendan Atwood, Agency of Human Services

DATE: March 11, 2026

SUBJECT: S.194 Written Comments

Dear Chair Lyons:

The Agency of Human Services appreciates the opportunity to provide comments on S.194.

The Agency supports efforts to strengthen coordination within the Designated and Specialized Service Agency system and is committed to working collaboratively with the Legislature and stakeholders to advance that goal. We understand the Committee is also considering language in this bill intended to support improved coordination and collaboration within the system. We are broadly supportive of this intent and would be pleased to work with the legislature and stakeholders to review, clarify, and refine the scope, timeline, and deliverables of any legislative language designed to facilitate this work.

However, there are provisions within S.194, as currently drafted, that the Agency is unable to support due to federal compliance concerns. Specifically, Section 1 of the bill proposes replacing the existing requirement to regularly study Medicaid reimbursement rates with a prospective monthly payment model for community-based providers. This provision would create a State Directed Payment that conflicts with federal restrictions on new State Directed Payments established under H.R.1 (2025). As a result, the Agency must respectfully oppose Section 1 and recommends that this section be removed from the bill.

We appreciate the Committee's thoughtful engagement on these issues and its ongoing commitment to strengthening Vermont's community-based service system. The Agency remains eager to continue working with the Committee and stakeholders to identify workable solutions that advance the shared goal of a strong, coordinated provider network while ensuring compliance with federal Medicaid requirements. While we are unable to support Section 1 as drafted, we remain optimistic that there are productive paths forward on the broader objectives of the bill and look forward to continued collaboration.

Thank you for the opportunity to comment on this bill.

Sincerely,

Brendan Atwood
Director of Policy and Program Integration
Agency of Human Services