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MEMORANDUM

TO: Mitzi Johnson, Chair, House Appropriations
FROM: Andrew Pallito, Commissioner, Finance & Management
RE: Managing the Pregnant Persons budgetary change
DATE: February 24, 2016



The Governor's Proposed FY 2017 budget included a proposal providing a special enrollment period for persons who become pregnant to enroll in or change health insurance in Vermont Health Connect. This was coupled with a decision to change Medicaid eligibility and eliminate an expansion population, shifting pregnant women with income between 138% to 213% of FPL the exchange. Upon further consideration, the Administration decided not to include the savings from Medicaid eligibility change in its recommended FY 2017 budget.

To achieve the savings, DVHA and the Administration have been investigating providing pregnant persons between 138% and 213% of FPL with Vermont Health Connect coverage, but holding this population harmless by wrapping coverage up to Medicaid level. This would relieve the State of some costs of care and shift it to private insurance plans. In order for this plan to be successful, and potentially provides some state budgetary savings, there are several policy decisions that need to be evaluated and, if appropriate, pursue a waiver with CMS for this change. DVHA and the administration will continue to evaluate a policy change for this Medicaid group, but savings will not be achieved in FY 2017.

By eliminating the savings associated with the change in Medicaid eligibility for pregnant women, the Administration needed to find an additional \$2.25M worth of savings. The Green Mountain Care Board recently finalized actual hospital net patient revenue for FY 2015, which is \$49M over budget. DVHA has recalculated the FY 2016 provider tax bill and this additional revenue will result in additional provider tax of about \$2.25M.

The Administration proposes increasing the FY2016 available for the 53rd week by \$2.25M, because these funds are potentially one-time in nature. This will decrease the funds needed to cover the 53rd week in 2017, freeing up \$2.25M of base revenues available to cover elimination of the proposed pregnancy savings.

CC: Jane Kitchel, Chair, Senate Appropriations
Justin Johnson, Secretary, Agency of Administration
Steve Klein, Chief Fiscal Officer, Joint Fiscal Office
Stephanie Barret, Associate Fiscal Officer, Joint Fiscal Office
Maria Belliveau, Associate Fiscal Officer, Joint Fiscal Office
Brad Ferland, Deputy Commissioner
Emily Byrne, Budget Director



Governor's proposed change for the Pregnant Persons Proposal

Revised FY 2016 Provider Tax

FY 2016 Adopted Hospital Provider Tax Adopted by the Emergency Board	127,998,031
Revised Estimate Based on Actual Hospital Net Revenue	130,237,437
Additional Provider Tax funds in 2016	2,239,406

Adjusting Pregnant Person Savings for Additional Provider Tax Revenue

Original Pregnant person Savings (GF Component)	2,251,569
Additional Provider Tax Offset	2,239,406
Balance	12,163