DVHA FY2027 Budget

DaShawn Groves, DrPH, MPH
Commissioner, Department of Vermont Health Access

Presented to the Senate Appropriations Committee

March 31, 2026

VERMONT

Overview

DVHA Overview

SFY 2027 Budget

DVHA SFY 2027 Admin Budget

DVHA SFY 2027 Program Budget

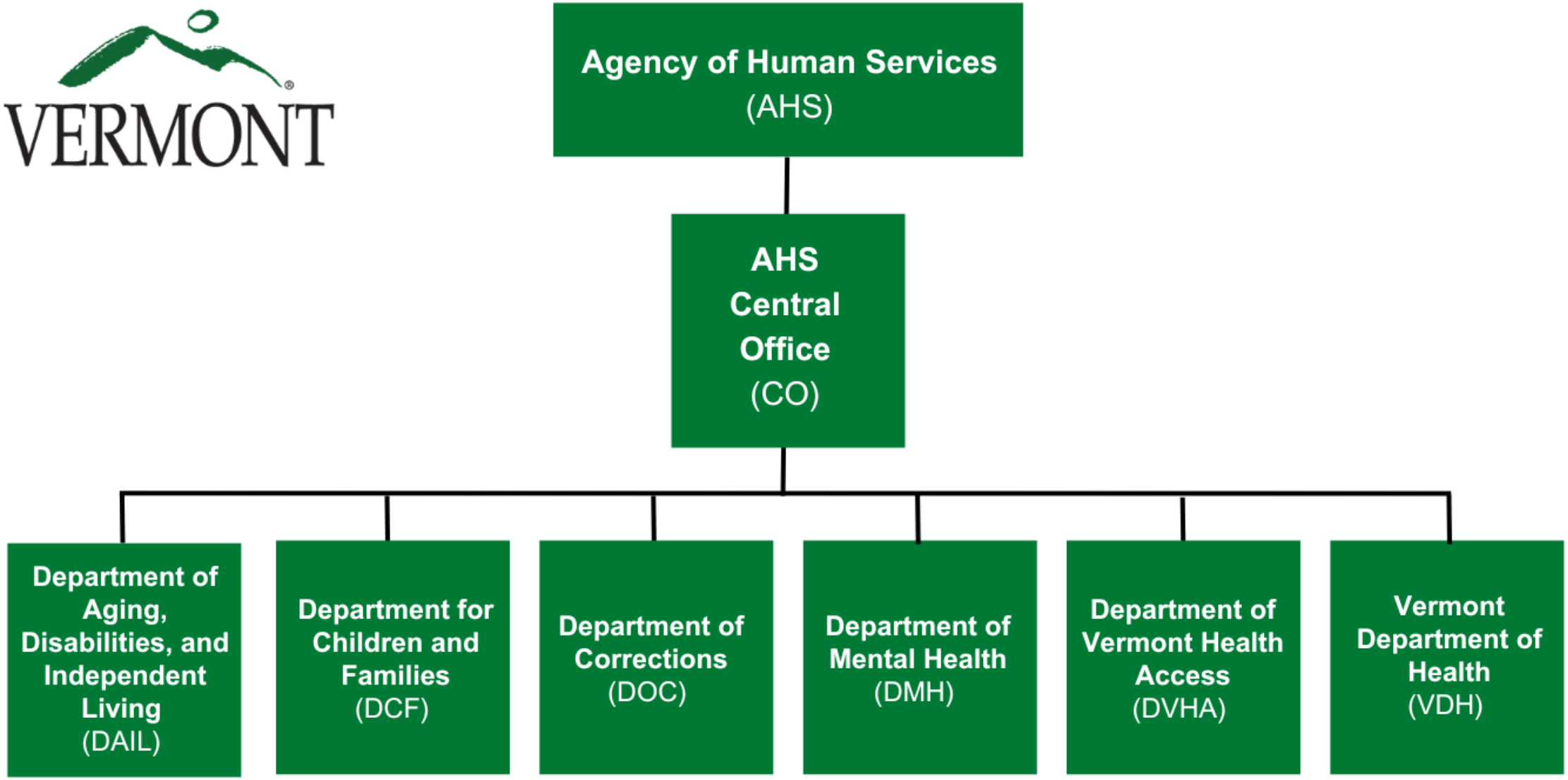
One-time Funding

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

VERMONT


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

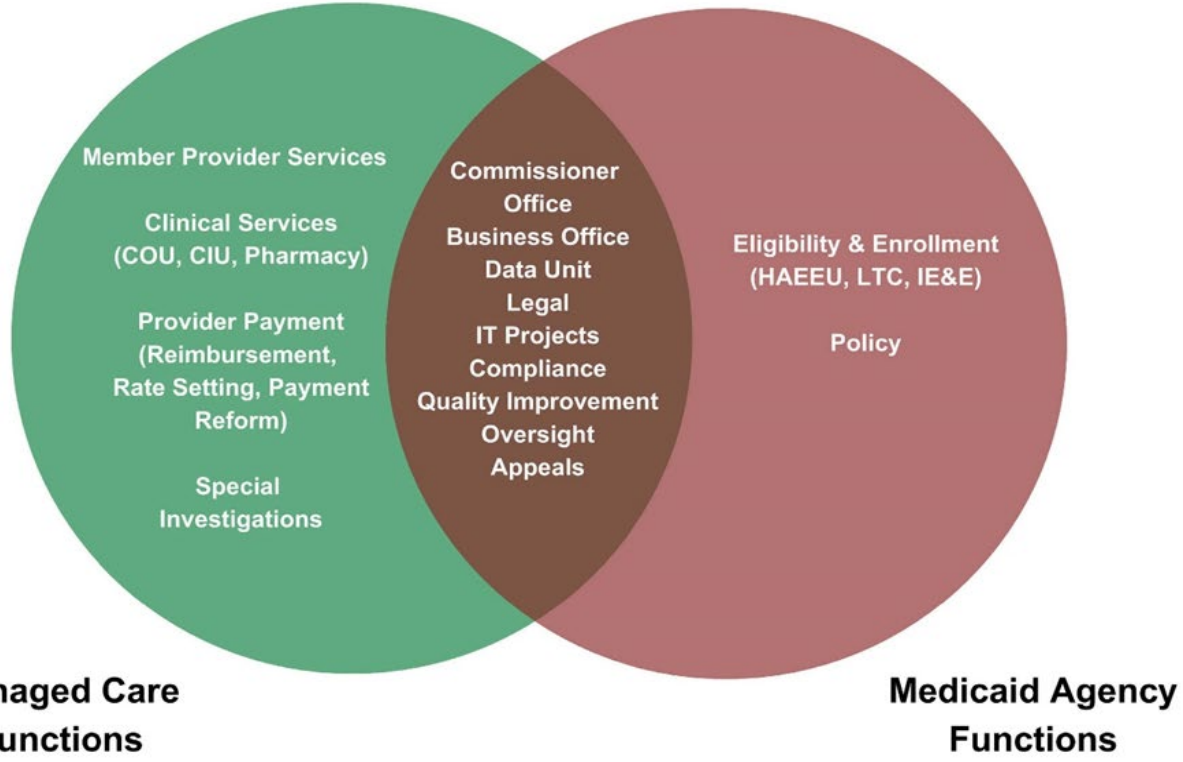
Strengthen Operational Infrastructure &System Modernization

Invest in People & Organizational Resilience

VERMONT

DVHA Serves a Unique Role as Medicaid Managed Care Program

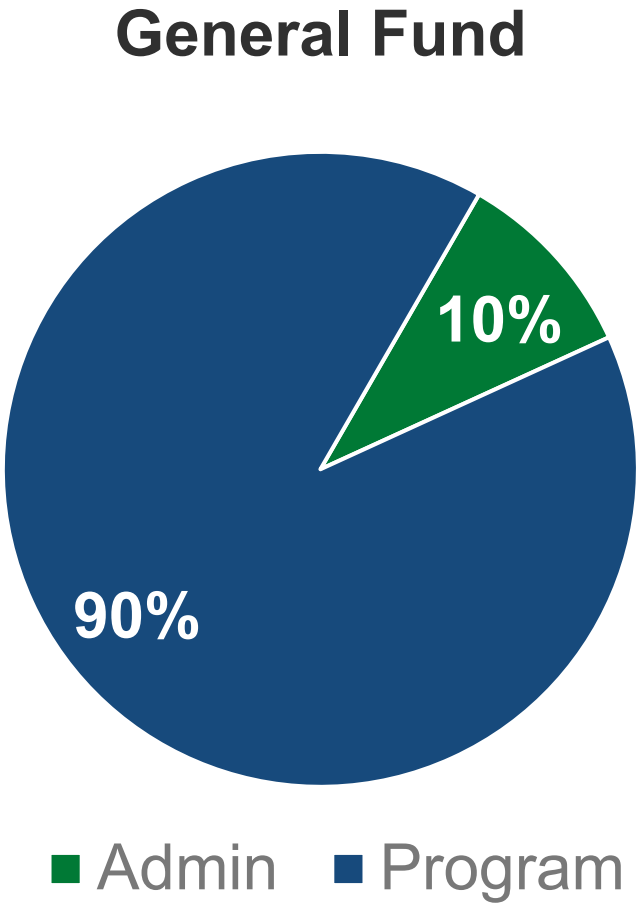
Also serves core Medicaid program functions



DVHA Budget Summary

SFY 2027 Summary

- DVHA Budget total: $1.35 billion ($579.4M GF)
- Admin Total: $198.2 million ($56.96M GF)
- Program Total: $1.156 billion ($522M GF)



VERMONT

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	$690k GF / $920k Gross
Retirement	$470k GF / $410k Gross
All other, FMLI, Childcare	$130k GF / -$30k Gross

Vacancy Savings **-$720k GF / -$1.46m Gross**

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

VERMONT

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

Medicaid Management Information System (MMIS - Gainwell) updates and maintenance **$150k GF / $1.14m Gross**

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

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

Medicaid Data Warehouse & Analytic Solution (MDWAS) can now provide HEDIS measures allowing discontinuation of the standalone contract

VERMONT

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	**$600k GF / $1.27m Gross**
Rent - new leased space	**$159k GF / $441k Gross**

DVHA has moved into newly leased space at several Pilgrim Park locations in Waterbury owned by Malone Superior LLC.

VERMONT

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**.

VERMONT

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 Moment 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.

VERMONT

DVHA Program Budget – Baseline changes

Trend and Baseline Changes (combined across all appropriation lines)

Consensus - Caseload and Utilization	**$14.93m GF / $35.48m Gross**
Medicare Buy- In	**$702k GF / $1.675m Gross**
Annual Medicare Part D Clawback	**$1.521m GF / $1.521m Gross**
Annualization of MSP expansion (7 months)	**$2.851m GF / $17.37m Gross**
FQHC and RHC Required Rate Changes	**$693k GF / $1.654m Gross**

VERMONT

DVHA Program Budget – Policy Changes

Rate Increase	
Northeastern Family Institute (NFI) Hospital Diversion Program	$251k GF / $601k Gross
Policy Changes that are Budget Reductions	
Applied Behavior Analysis – coding correction	-$601k GF / -$1.433m Gross
Family Planning rate not implementable	-$85k GF / -$850k Gross
Emergency Department per diem	-$48k GF / -$115k Gross
Dental Incentive Payment	-$60k GF / -$142k Gross
Increase Rx Co-Pays	-$461k GF / -$1.10m Gross
Utilization Management	-$922k GF / -$2.2m Gross
Reduction due to ACO ending	-$2.01m GF / -$5.0m Gross

VERMONT

SFY27 Requested One-time Funding

HR1 Required Systems changes — $30k GF / $3.0m Gross

The budget to implement the HR1 system changes in SFY27 is $5m. Grant funding of approximately $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%.

Provider Stabilization — $2.0m GF

Funding to support providers with demonstrated stabilization needs and a plan to achieve sustainability. Continuation of one-time funding from FY26

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

VERMONT

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

Contact

DaShawn.Groves@vermont.gov
Alex.McCracken@vermont.gov

VERMONT