



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: James Reardon, Commissioner of Finance & Management
From: Nathan Lavery, Fiscal Analyst
Date: September 12, 2011
Subject: JFO #2517, #2518, #2519, #2520

No Joint Fiscal Committee member has requested that the following items be held for review:

JFO #2517 — \$5,225,186 grant from the U.S. Federal Emergency Management Agency (FEMA) to the Vermont Agency of Transportation. These funds will be used to provide disaster assistance for damages cause by severe storms and flooding during spring 2011 in Addison, Chittenden, Essex, Franklin, Grand Isle, Lamoille, Orleans, Washington, Caledonia, Essex, and Orange counties.
[JFO received 8/10/11]

JFO #2518 — \$12,642,000 transfer from the University of Vermont to the Vermont Agency of Human Services. These funds will be used to earn federal matching Medicaid funds for Graduate Medical Education. This funding was appropriated to UVM, but must be transferred back to AHS in order to be eligible for federal match.
[JFO received 8/10/11]

JFO #2519 — \$100,000 grant from the U.S. Department of Labor to the Vermont Department of Public Safety. These funds will be used to provide assistance to local fire and emergency medical service organizations for youth emergency service training programs and to develop adult recruitment and retention strategies.
[JFO received 8/10/11]

JFO #2520 — \$80,000 donation from Rolf Kielman and Stephanie Spencer to the Vermont Department of Fish and Wildlife. This amount represents the difference between the \$120,000 market value of the conservation easements and the selling price of \$40,000.
[JFO received 8/10/11]

The Governor's approval may now be considered final. We ask that you inform the Secretary of Administration and your staff of this action.

cc: Brian Searles, Secretary
Doug Racine, Secretary
Keith Flynn, Commissioner
Patrick Berry, Commissioner



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members
From: Nathan Lavery, Fiscal Analyst
Date: August 23, 2011
Subject: Grant Requests

Enclosed please find five (5) items that the Joint Fiscal Office has received from the administration. One limited service position request is included among these items.

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[JFO received 8/10/11]

JFO #2521 — Request to establish **one limited service position** in the Department of Environmental Conservation (DEC). This position will be funded through an existing federal grant that was included in DEC's FY12 budget approved by the legislature as part of Act 63. The position is necessary to meet federal data management requirements of the Water Quality Monitoring, Assessment & Planning Program
[JFO received 8/22/11]

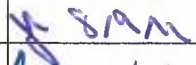
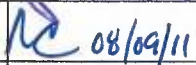
Please review the enclosed materials and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; nlavery@leg.state.vt.us) if you have questions or would like an item held for legislative review. Unless we hear from you to the contrary by September 6 we will assume that you agree to consider as final the Governor's acceptance of these requests.

State of Vermont
 Department of Finance & Management
 109 State Street, Pavilion Building
 Montpelier, VT 05620-0401

[phone] 802-828-2376
 [fax] 802-828-2428

Agency of Administration

STATE OF VERMONT
FINANCE & MANAGEMENT GRANT REVIEW FORM

Grant Summary:		UVM will use a portion of its GF appropriation to earn federal matching Medicaid funds via the AHS-CO appropriation. Because UVM is taking receipt of its GF support and then returning it to AHS-CO, an AA-1 is required in order for AHS-CO to receive it back.			
Date:		8/9/2011			
Department:		AHS-CO (AHS Global Commitment appropriation)			
Legal Title of Grant:		n/a			
Federal Catalog #:		n/a			
Grant/Donor Name and Address:		University of Vermont			
Grant Period:		From:	To:		
		7/1/2011	6/30/2012		
Grant/Donation					
	SFY 1	SFY 2	SFY 3	Total	Comments
Grant Amount:	\$12,642,000	\$	\$	\$	
Position Information:		# Positions	Explanation/Comments		
		0			
Additional Comments:		This is unusual AA-1. In order match federal funds, AHS-CO must establish that these are state funds. However, UVM prefers to take receipt of its GF appropriation and then send the funds to AHS-CO. For AHS-CO to receive the funds requires an AA-1 approval.			
Department of Finance & Management				(Initial)	
Secretary of Administration				(Initial)	
Sent To Joint Fiscal Office		8/10/11		Date	

RECEIVED
 AUG 10 2011
JOINT FISCAL OFFICE



STATE OF VERMONT REQUEST FOR GRANT (*) ACCEPTANCE (Form AA-1)

BASIC GRANT INFORMATION				
1. Agency:	Agency of Human Services			
2. Department:	Agency of Human Services - Central Office			
3. Program:	Global Commitment to Health			
4. Legal Title of Grant:	Medicaid Administration & Grants			
5. Federal Catalog #:	93.778			
6. Grant/Donor Name and Address: University of Vermont, Burlington Vermont				
7. Grant Period:	From:	7/1/2011	To:	06/30/2012
8. Purpose of Grant: To provide state fund matching support for Graduate Medical Education performed at Fletcher Allen Healthcare. The purpose of the GME Payments is to ensure access to quality, essential professional health services for Medicaid beneficiaries through the care provided by teaching physicians and teaching hospitals.				
9. Impact on existing program if grant is not Accepted: GME Payments shall represent a new source of funding for Fletcher Allen and UVM Medical Group, and to the extent feasible, shall not cause an offsetting reduction in federal disproportionate share hospital ("DSH") payments to Fletcher Allen				
10. BUDGET INFORMATION				
	SFY 1	SFY 2	SFY 3	Comments
Expenditures:	FY 2011	FY	FY	
Personal Services	\$	\$	\$	
Operating Expenses	\$	\$	\$	
Grants	\$	\$	\$	
Total	\$	\$	\$	
Revenues:				
State Funds:	\$	\$	\$	
Cash	\$12,642,000	\$	\$	
In-Kind	\$	\$	\$	
Federal Funds:	\$	\$	\$	
(Direct Costs)	\$	\$	\$	
(Statewide Indirect)	\$	\$	\$	
(Departmental Indirect)	\$	\$	\$	
Other Funds:	\$	\$	\$	
Grant (source)	\$	\$	\$	
Total	\$12,642,000	\$	\$	
Appropriation No:	3400004000	Amount:	\$12,642,000	
			\$	
			\$	
			\$	
			\$	
			\$	

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STATE OF VERMONT REQUEST FOR GRANT (*) ACCEPTANCE (Form AA-1)

		\$
	Total	\$12,642,000

PERSONAL SERVICE INFORMATION

11. Will monies from this grant be used to fund one or more Personal Service Contracts? Yes No
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: _____ Agreed by: _____ (initial)

12. Limited Service Position Information:	# Positions	Title
Total Positions		

12a. Equipment and space for these positions: Is presently available. Can be obtained with available funds.

13. AUTHORIZATION AGENCY/DEPARTMENT

I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):	Signature:	Date:
	Title: Acting Commissioner, Department of VT Health Access	
	Signature: <i>Douglas A. Roemer</i>	Date: <i>8/8/11</i>
	Title: Secretary, Agency of Human Services	

14. SECRETARY OF ADMINISTRATION

<input checked="" type="checkbox"/> Approved:	(Secretary or designee signature) <i>[Signature]</i>	Date: <i>08/09/11</i>
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15. ACTION BY GOVERNOR

<input checked="" type="checkbox"/> Accepted	(Governor's signature) <i>[Signature]</i>	Date: <i>8/11/11</i>
<input type="checkbox"/> Rejected		

16. DOCUMENTATION REQUIRED

Required GRANT Documentation

<input type="checkbox"/> Request Memo	<input type="checkbox"/> Notice of Donation (if any)
<input type="checkbox"/> Dept. project approval (if applicable)	<input type="checkbox"/> Grant (Project) Timeline (if applicable)
<input type="checkbox"/> Notice of Award	<input type="checkbox"/> Request for Extension (if applicable)
<input type="checkbox"/> Grant Agreement	<input type="checkbox"/> Form AA-1PN attached (if applicable)
<input type="checkbox"/> Grant Budget	

End Form AA-1

(*) The term "grant" refers to any grant, gift, loan, or any sum of money or thing of value to be accepted by any agency, department, commission, board, or other part of state government (see 32 V.S.A. §5).

**MEDICAID FUNDING FOR GRADUATE MEDICAL EDUCATION
MEMORANDUM OF UNDERSTANDING
BETWEEN THE DEPARTMENT OF VERMONT HEALTH ACCESS, THE
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE, FLETCHER ALLEN HEALTH
CARE, INC AND THE UVM MEDICAL GROUP**

Preamble

WHEREAS, it is the desire of the University of Vermont and State Agricultural College, an education corporation of the State of Vermont ("UVM"), to provide monies through intergovernmental transfers ("IGTs") to fund the non-federal share of certain Medicaid Graduate Medical Education ("GME") payments ("GME Payments") for Fletcher Allen Health Care, Inc. ("Fletcher Allen") and UVM Medical Group;

WHEREAS, the Department of Vermont Health Access ("DVHA") is responsible for management of the Vermont Medicaid program and seeks to improve access to, and quality of, healthcare services for Vermont Medicaid beneficiaries; and

WHEREAS, it is the intent of the Parties that the GME Payments shall represent a new source of funding for Fletcher Allen and UVM Medical Group, and to the extent feasible, shall not cause an offsetting reduction in federal disproportionate share hospital ("DSH") payments to Fletcher Allen.

Purpose

Fletcher Allen, UVM Medical Group and UVM serve a critical role as, collectively, the State of Vermont's only academic medical center and the largest health care provider in the State. Recent rate pressures, however, have posed significant challenges for Fletcher Allen and UVM Medical Group and their continued role in serving individuals enrolled in the Vermont Medicaid program, serving as the safety net for low-income and uninsured Vermonters and training, in conjunction with UVM, the next generation of Vermont's physicians.

In order to support Fletcher Allen's and UVM Medical Group's continuing role as Vermont's safety net providers for tertiary (and related physician) services to Medicaid patients and their commitment to teaching, DVHA, in partnership with Fletcher Allen, UVM Medical Group and UVM, shall establish enhanced GME funding through two GME Payment mechanisms:

- (1) Payments for teaching physicians; and
- (2) Payments for teaching hospitals.

The purpose of the GME Payments is to ensure access to quality, essential professional health services for Medicaid beneficiaries through the care provided by teaching physicians and teaching hospitals.

Program Qualifications

As described in the Medicaid State Plan, and subject to any modifications resulting from the State Plan Amendment approval process, program qualifications are as follows:

Payments for Teaching Physicians

Supplemental payments shall be paid for professional services performed by Qualified Teaching Physicians ("QTP"). QTPs include those physicians who are:

- (1) Licensed by the State of Vermont, where applicable;
- (2) Enrolled as a State of Vermont Medicaid provider; and
- (3) Hold salaried appointments on the faculty of UVM and are employed by UVM Medical Group.

Payments for Teaching Hospitals

Qualified teaching hospitals located in the State of Vermont shall be eligible for a teaching hospital payment. Qualified teaching hospitals are facilities that are:

- (1) Licensed by the State of Vermont;
- (2) Enrolled as a State of Vermont Medicaid provider;
- (3) Have a medical residency program; and
- (4) Belong to the Council of Teaching Hospitals or show proof of affiliation with any approved medical education program.

Funding Authority for Non-Federal Share

The state (non-federal) share of the GME Payments shall be provided by UVM through IGTs.

The Centers for Medicare and Medicaid Services ("CMS") Special Terms and Conditions ("STCs") for the Global Commitment to Health Section 1115 Demonstration permit the State to use IGTs as a source of non-federal share to the extent such funds are derived from State and local tax revenues and are transferred by units of government within the State (as set forth under STC No. 44d, *State Certification of Public Expenditures*). In addition, all sources of the non-federal share of funding are subject to CMS approval (as set forth under STC No. 43, *Sources of Non-Federal Share*). Qualifying IGTs are a permissible source of non-federal share Medicaid funding under federal Medicaid regulations (as set forth under 42 C.F.R. § 433.51).

UVM certifies it meets all federal requirements and authority under the Global Commitment to Health Demonstration to transfer the non-federal share of the GME payments, via IGTs derived from State or local tax revenues. Subject to CMS approval of the State Plan Amendment setting forth the GME Payments (the "GME State Plan"), this IGT funding mechanism shall be used to provide the GME Payments for teaching physicians and teaching hospitals as described in this MOU.

Implementation and Distribution of Payment

All payments shall be made in accordance with the approved State Plan. Prior to the start of each Medicaid State Plan Year ("SPY"), DVHA and Fletcher Allen shall review the DSH payment methodology specified in the Vermont State Plan, based on DSH survey data collected from Fletcher Allen, to determine the extent to which receipt of GME Payments in the upcoming SPY potentially reduces Fletcher Allen's DSH payment compared to the amount it otherwise would receive without such GME Payments.

If, based on such annual review, DVHA and Fletcher Allen determine that there will be a potential reduction in Fletcher Allen's DSH payment due to the projected GME Payments, the Parties shall thereafter collaborate to identify approaches to address this finding, including but not limited to: amendment to the DSH State Plan, consistent with the application of Fletcher Allen's applicable Hospital Specific DSH Limit (as set forth in 42 U.S.C. § 1396r-4(g)) or other applicable federal law; amendment to the GME State Plan; modification of the GME Payment methodology; and/or adjustment to total GME Payments claimed; provided that such amendments or modifications shall not have the effect of reducing the amount of DSH payments that other Vermont hospitals would have received in the absence of any GME Payments to Fletcher Allen.

Payment Contingencies and Schedule

All payments are contingent on the following:

1. Federal approval of the funding methodology;
2. DVHA's review and approval of supporting documentation and payment amounts;

3. DVHA's review and acceptance of the annual Quality Assurance report provided by Fletcher Allen; and
4. Timely receipt of sufficient funding through IGTs.

The combined total GME payments made to QTPs or to Fletcher Allen as defined in this Memorandum of Understanding shall not exceed \$30 million in any year, where the year is defined by the State Fiscal Year (July 1 – June 30).

The State of Vermont retains the right to discontinue GME Payments at any time; in the event of any such discontinuation, DVHA shall return to UVM any IGT funds that have not been used as the non-federal portion of Medicaid GME Payments actually paid as of the date of the discontinuance, and UVM shall thereafter cease making IGTs in support of GME Payments.

UVM retains the right to discontinue making IGTs at any time, commencing with any period for which corresponding GME Payments have not yet been made by DVHA; UVM, Fletcher Allen and UVM Medical Group acknowledge and agree that the discontinuation of IGTs by UVM shall cause the GME Payments for the corresponding period, and all future periods, to cease.

DVHA shall promptly seek any required CMS approvals in conjunction with any proposed discontinuation of GME Payments by the State of Vermont, or in conjunction with any discontinuation of IGTs by UVM resulting in a discontinuation of GME Payments by the State of Vermont.

The following chart sets forth the primary activities with their associated deadline:

March 31	Cut-off for data used for annual Quality Assurance (QA) Report*
April 30	Annual QA Report submitted by Fletcher Allen to DVHA
April 30	Cut-off for claims payments used in calculations for upcoming SFY
May 31	DVHA decision on QA Report provided to Fletcher Allen
May 31	Calculations completed for upcoming SFY
June 30	Fletcher Allen, UVM, and DVHA management determine final IGT amounts for next SFY.

The following chart sets forth the remittance and payment schedule in each SFY:

September 1	Quarterly IGTs from UVM to AHS
September 30	Quarterly GME payments from DVHA to FAHC
December 1	Quarterly IGTs from UVM to AHS
December 31	Quarterly GME payments from DVHA to FAHC
March 1	Quarterly IGTs from UVM to AHS
March 31	Quarterly GME payments from DVHA to FAHC
June 1	Quarterly IGTs from UVM to AHS
June 30	Quarterly GME payments from DVHA to FAHC

* 1st program year QA Report will cover 7/1/11-3/31/12. Program quality measures must be determined before 1st payment. Subsequent report periods will be from 4/1 through 3/31.

In the interest of transparency, DVHA shall notify each of Fletcher Allen, UVM Medical Group and UVM of any GME Payments made to Fletcher Allen or UVM Medical Group, or any IGTs received from UVM, within five (5) days of DVHA's remittance of any such GME Payments or receipt of any such IGTs.

Cooperation and Compliance with Federal and State Requests and Audits

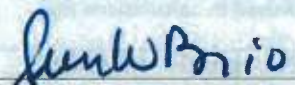
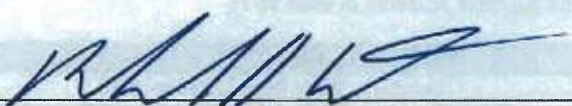
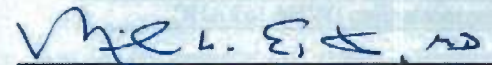
UVM, Fletcher Allen and UVM Medical Group shall provide any data and/or reports requested by DVHA in order to administer the GME Payment program and monitor the appropriateness of payments.

UVM, Fletcher Allen and UVM Medical Group shall cooperate with DVHA to provide any materials requested by federal or state agencies. If adverse findings or disallowances are made, the Parties will collaborate to make any necessary program adjustments or modifications to ensure compliance. In the event of any disallowance of federal funding related to GME Payments described in this MOU, Fletcher Allen and UVM Medical Group shall be financially responsible for the return of the amount associated with any such disallowance, and DVHA shall return to UVM the corresponding non-federal share.

Quality Assurance and Accountability

There has been scrutiny of these programs at the federal level citing a lack of assurance that these payments are effective in supporting the Medicaid program and its beneficiaries. In response to this scrutiny, DVHA, Fletcher Allen and UVM Medical Group (in consultation with UVM) shall collaborate to monitor and assess the success of the programs and the benefits to Medicaid beneficiaries against quantifiable quality assurance measures, including: the quality of health care provided to beneficiaries; health outcomes; promotion of appropriate emergency room use; re-admission rates; patient satisfaction; physician training and outreach to promote increased access to primary care physicians in underserved areas; and other appropriate measures. Fletcher Allen (in consultation with UVM) shall provide to DVHA an annual Quality Assurance report assessing performance against these measures.

THE PROVISIONS OF THIS MEMORANDUM OF UNDERSTANDING ARE HEREBY ENTERED INTO AND AGREED TO BY VIRTUE OF THE AUTHORIZED SIGNATURES BELOW:

 _____ SUSAN BESIO, COMMISSIONER DEPARTMENT OF VERMONT HEALTH ACCESS DATE <u>6/7/11</u>
 _____ RICHARD CATE, VICE PRESIDENT FOR FINANCE AND ADMINISTRATION, UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE DATE <u>6/2/11</u>
 _____ MELINDA L. ESTES, M.D., PRESIDENT AND CEO FLETCHER ALLEN HEALTH CARE DATE <u>6-1-11</u>



State of Vermont

Agency of Human Services

Business Office
103 South Main Street
Waterbury, VT 05671-0204
[phone] 802-241-2949
[fax] 802-241-1200

MEMORANDUM

TO: James Reardon, Commissioner of Finance and Management

FROM: Jim Giffin, AHS CFO *JG*

DATE: August 8, 2011

RE: Graduate Medical Education

The attached AA-1 pertains to the transfer of State funds from the University of Vermont (UVM) to AHS for the purpose of providing the State share of Medicaid funds for Medicaid Graduate Medical Education (GME) payments to Fletcher Allen Healthcare, Inc. (FAHC). The purpose of the GME payments is to ensure access to quality professional health services for Medicaid beneficiaries through teaching physicians and teaching hospitals.

Initially, we contemplated an intergovernmental transfer (IGT) to transfer the funds. However, UVM prefers to send a check to the Agency of Human Services (AHS) in lieu of an IGT. The AA-1 is required in order for AHS to accept these funds from UVM as the GME stream of payments was not appropriated in SFY12.

UVM will provide \$12,642,000 to AHS in quarterly installments during SFY12 to serve as the State share, that AHS will deposit into the State Healthcare Resource Fund (SHCRF). These funds will be used to draw \$17,358,000 in GME federal funds over the course of the fiscal year. In turn, the Department of Vermont Health Access (DVHA) will provide quarterly GME funding payments to FAHC. The AA-1 reflects only the State share received from UVM. We will request the Federal portion through an Excess Receipts request and DVHA will need a Budget Adjustment for the Global Commitment GME payment to FAHC.

Included with the AA-1 is a copy of the MOU between the State and UVM for reference and review. If you should have any questions, please let me know.

Attachment.