



State of Vermont
Agency of Human Services

Secretary

Office of the Secretary

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May 14, 2012

Cindy Mann, Director Center for Medicaid and State Operations
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244

Re: 11-W-0019411

Dear Ms. Mann:

As you are aware, Vermont's Global Commitment to Health Section 1115 Demonstration has proven to be an integral component to Vermont's health reform initiative, providing Vermont with the flexibility to enhance access to care, improve quality and control program costs.

As part of the Act authorizing State Fiscal Year 2013 Appropriations, the Vermont Legislature made modest modifications to cost sharing obligations for individuals participating in the Global Commitment Demonstration under the Medicaid and VHAP populations. The intent of these changes is to ensure that individuals continue to have affordable access to coverage and bring copayment obligations into alignment across eligibility groups.

Vermont proposes to eliminate the current copayment requirement of \$75.00 per inpatient hospital admission. In an effort to offset the program costs associated with elimination of the inpatient hospital copayment requirement and contain overall program costs, Vermont intends to introduce nominal copayment for a limited number of services. (The proposed co-payment structure is expected to reduce expenditures by approximately \$337,000 [State and Federal] during the period from July 1, 2012 to June 30, 2013.)

Modifications to Vermont's current cost sharing requirements include the following:

- Eliminate the Medicaid \$75.00 inpatient admission co-pay;
- Implement a \$3.00 co-pay for the VHAP waiver expansion population for outpatient hospital services (thus aligning copayment requirements with copayment requirements for individuals enrolled in traditional Medicaid eligibility groups);
- Implement a \$3.00 co-pay for the VHAP waiver expansion population for prescriptions costing \$50.00 or more (thus aligning copayment requirements with copayment requirements for individuals enrolled in traditional Medicaid eligibility groups); and
- Implement nominal co-pay requirements for Durable Medical Equipment (DME) and medical supplies for both traditional Medicaid and VHAP.

The current Special Terms and Conditions (STCs) include a waiver of federal, statutory cost sharing requirements, and Vermont is seeking federal approval to amend the Demonstration, effective July 1, 2012. Vermont seeks to modify and move the table contained in Paragraph 22 of the STCs to reflect the proposed changes. Attached, please find a copy of the current cost sharing table contained in the STCs, with the proposed changes highlighted. Vermont proposes to incorporate the modified table as Attachment C to the STCs. Removing the table from its current location in Paragraph 22 of the STCs will enable Vermont to update cost sharing obligations when necessary and facilitate this process more expeditiously.

The current STCs require public notice and consultation of interested parties as set forth in Paragraph 13 of the STCs. Vermont provides for a public process that includes participation in the legislative process, consultation with the State Medicaid Advisory Board and Vermonters. Vermont's Administrative Procedures Act governs the process by which administrative rules are to be adopted by State agencies, including the Vermont Agency of Human Services, and provides for notification in newspapers of record and online notice publication with opportunities for public commentary. When Vermont develops its rules there will be a public hearing process.

Thank you for your consideration of Vermont's proposed amendment. Suzanne Santarcangelo, Director of AHS Health Care Operations, Compliance and Improvement will serve as the point of contact for this amendment request. Please let us know if you require additional information or if you would like to arrange a conference call to discuss this material.

Sincerely,

/Douglas A. Racine/

Douglas A. Racine, Secretary
Vermont Agency of Human Services

Cc: Mark Larson, Commissioner, DVHA
Suzanne Santarcangelo, AHS
Stephanie Beck, DVHA
Richard McGreal, CMS
Annie Chang, CMS