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A. NARRATIVE: PROJECT OVERVIEW AND DETAILS

1. Acquisition of Treatment Associates Inc.

Washington County Mental Health Services is proposing to purchase an organization identified as Treatment Associates LLP (TA), a substance use treatment organization with State of Vermont Preferred Provider Status that is in good standing and operates under the following business identifiers: NPI # 1851393417, Taxonomy code #101YA0400X, Medicaid Provider Identifier 1010574. The entity's main practice location is 73 Main Street, Suite 39, Montpelier, VT, 05602 with two satellite sites located at 51 Church Street, Barre, Vermont, 05641 and 65 Portland Street, Morristown, Vermont 05661.

TA is a substance use treatment services organization owned and operated by James Scott Stone, MD and supported by twenty-one clinical, medical, and administrative staff that serve approximately five hundred unique clients per year. The primary value of this acquisition is TA's experienced staff, intellectual property such as clinical, operational, and medical expertise, their trusted business name, and their client base.

Capital and operating costs resulting from this acquisition (see Financial Tables).

TA began operating in 2004 following the approval of Buprenorphine treatment for opioid dependence. Services specialize in substance use and mental health treatment through group and individual counseling augmented by opioid addiction medicines. Specific program offerings are based on a five-tiered phase system that evaluates client levels of care and then individualizes treatment based on comprehensive substance use assessment outcomes. Generally, treatment is initiated with a weekly client commitment to engage with 2-3 services per week and then decreases to weekly-monthly group/individual supports until clients can attain stability and sobriety.

Treatment Associates (TA) Core Services that WCMHS will be acquiring and continuing are:

- Suboxone (buprenorphine) management for the treatment of opiate addiction
- Medication support for the treatment of addictions including alcohol, cocaine, tobacco, etc.
- Immediate treatment and support for any pregnant person
- Mental health & substance use group and individual therapy
- Limited psychiatric medication management for program participants
- DUI license reinstatement counseling
- Couples/Family sessions (related to substance use or mental health issues)
- IOP (Intensive Outpatient Therapy)

WCMHS rationale for acquisition is the significant demand for substance use services within our region and, with the imminent retirement of Dr. Stone and his desire to sell his business, the agency recognized the opportunity to ensure SUD AND MAT services remain uninterrupted, local, and accessible to the clients our agencies have served together for many years. Throughout this time, we have built a strong

referral and care coordination relationship with TA, have embedded a psychiatric nurse practitioner on their team to support buprenorphine prescribing, and have discovered along the way that our missions and visions align, our work cultures complement each other, and our staff have positive working relationships with each other. Additionally, WCMHS seeks to continue our process of becoming a CCBHC and therefore must meet the core services requirement of providing substance use treatment. The acquisition of TA enables our agency to fully integrate this essential service type and to increase the number of clients we can serve. Furthermore, we see this acquisition as a key component of our strategy to contribute to the Vermont Department of Health's vision to offer services to our community that are accountable, comprehensive, and that support and empower resiliency, wellness, and recovery. This acquisition project will ensure that SUD AND MAT services continue in our catchment area as a core component of comprehensive care that supports the full range of MH/ SUD and MAT services from prevention, early intervention, and recovery, and ensures WCMHS maintains timely, interconnected, and coordinated services that meet a client's needs for individualized care that has multiple entry points.

Assurance that the project will comply with State of Vermont Substance Use Treatment Preferred Provider regulations:

The agency will complete all necessary steps to ensure the seamless transfer of TA's preferred provider status to WCMHS. The agency will meet all Department of Health DSUP rules and regulations that require providers seeking certification to follow DSUP general program standards (sections 1-20) as outlined in the 2024 preferred provider standards document and that will also comply with standards outlined for intensive outpatient treatment (sections 21-28). WCMHS will comply with all site visit requirements, will ensure policies and procedures correspond to the treatment standards document, and, should there ever arise a need to cancel services and cease operations, the agency will ensure that all services, activities, and program administration will continue for ninety days. DSUP will be notified upon the start of such a time. WCMHS will engage in quality improvement activities and re-certification processes and will provide transparent compliance status updates to DSUP. The agency will seek technical assistance as needed to ensure all services are provided with consistency and in compliance with DSUP regulations.

Description of WCMHS process to acquire preferred provider status:

With DSUP, WCMHS will determine if the agency can assume TA's preferred provider status or if we must complete a new application. If TA's status can be transferred, then we will work closely with TA and DSUP to complete all steps of the transfer process and will adapt TA's current recertification process for future preferred provider status renewals. This will include supporting the process of completing a 2024 audit of TA that has been previously scheduled. Should a transfer of status not be possible, then WCMHS will complete an initial application for preferred provider status by submitting information regarding the needs/ gaps SUD and MAT treatment is filling, demographics of our service population, the scope of our service area, our operations, fiscal and staffing models, program capacity and system to track and report data, the anticipated impact on health care costs, access, quality and health outcomes, the schedule for startup with major milestones and deliverables, and proof of good standing with the Vermont Department of Taxes. We anticipate a full certificate of approval after DSUP's review establishes that we meet the requirements within the general program standards and have demonstrated compliance with all other applicable laws and rules, DSUP service guidelines, and all other DSUP contract assurances. The agency will also submit renewal applications at least sixty days prior to the expiration of a current certification.

B. NARRATIVE: GENERAL CRITERIA

Criterion I: Local Governance Support and Relationship of Proposed Project to Agency Strategic Plan.

Please see Attachment B containing the Board of Director's meeting minutes that note the board's approval and vote to support the acquisition of TA. Attachments C.1 and C.2 also attached, contain meeting minutes from the adult and children's local standing committees that discussed and supported the acquisition plan.

This acquisition relates to our agency's strategic plan and system of care plans as we are committed to providing our community with comprehensive Mental Health and SUD and MAT services that meet the urgent need for substance use and co-occurring treatment that ensures equal access to care for all clients. The agency's mission is to advocate for the inclusion of all persons into our communities and actively encourages self-determination and recovery and to serve all individuals and families coping with the challenges of developmental and intellectual disabilities, mental health, and substance use by providing trauma-informed services to support them as they achieve their highest potential and best possible quality of life. We see the acquisition of TA as a key initiative to achieve this mission and vision. We have not sought any other public input into this acquisition as it will not significantly change the scope, location, or availability of services. WCMHS will assume operations of TA staffing, business locations, and daily program operations as they currently exist. Treatment referrals and care coordination processes will also continue between WCMHS and TA as currently established. The acquisition of TA will impact the future of WCMHS program expansion goals as grants and CCBHC opportunities become available.

Criterion II: Need for the Proposed Project

In 2013, Vermont declared SUD and MAT and OUD a public health priority knowing that Vermont has some of the highest rates of substance use in the country, including higher drinking rates, higher cannabis use rates, and among the highest heroin use rates for people aged 18-25. Despite Vermont's efforts to curb drug use, we have the highest rate of drug use among children aged 12-17 in the United States (14%) and 14.6% of adults report using prescription drugs non-medically (including pain relievers, stimulants and sedatives) or illicit drugs (excluding cannabis) in the last 12 months. Additionally, SUD and MAT treatment initiation and engagement rates in Vermont are slightly higher than national averages but have remained flat, if not slightly decreasing since 2016 (VT Medicaid Claims).

The agency also seeks to support the Department of Vermont Health Access and the Department of Health Division of Substance Use Programs' goal to improve these initiation and engagement rates by strengthening SUD and MAT referral and evaluation systems at the community-level, increasing capacity to treat all substance use disorders, strengthening partnerships between medical, SUD and MAT treatment providers, and recovery support services, building relationships with stakeholders to improve communication and collaboration, strengthening peer support services and building connections for individuals to access those services, developing the SUD and MAT treatment workforce through partnerships, and establishing and integrating harm reduction and social determinants of health processes into the SUD and MAT services we provide. WCMHS believes that the acquisition of Treatment Associates will enable the agency to deliver on all these strategies by offering robust and expert SUD and MAT services within a strong program model that is driven by the knowledge and skills that the TA team will bring to the agency.

(a) Maintain the availability and accessibility of developmental/mental health services. Why is the status quo not adequate to meet the need; and/or,

WCMHS sees the acquisition of Treatment Associates as a significant step to assure that SUD and MAT treatment is accessible in our catchment area. TA's client base is approximately 500 clients per year, of which a number are WCMHS clients. Ensuring that a local agency such as WCMHS maintains the quality of services that TA is known for, that we can continue to customize the scope of these services to what we understand our stakeholders are seeking, and that we can further connect the TA team with the greater scope of community partners WCMHS has, are all advantages that we believe will positively impact the availability and accessibility of services. There is no status quo in this case as TA has informed WCMHS that they have received multiple purchase offers from other agencies, some of which are from out of State. Their plans for TA do not guarantee that TA services will continue to be provided to our community members in ways that are currently needed.

(b) Meet specific unmet needs of the population. Provide a forecast of the unmet needs and describe the methodology for deriving this forecast; and/or,

Between 2019 and 2020, the rate of drug-overdose deaths in Vermont increased by nearly 40%, compared to the national increase of 31%.³ From the below listed data reports, the agency estimated in 2022 that 3,100 clients in our catchment area experienced a substance use treatment need that was only partially met. According to the NSDUH (2021), about 11,500 clients reported some type of substance use problem of which 6,500 reported alcohol specific concerns and 6,200 reported an illicit drug use disorder in the catchment region. Additionally, among the local veteran population, nearly 200 have SMI, 340 live with SUD and MAT, and 160 have COD. In 2020, the Vermont suicide rate was nearly 33% higher than the national rate. The high level of suicide, drug overdose, and use of crisis services in emergency departments is compounded by the lack of access to effective ongoing MH/SUD/ MAT/COD treatment.

- Williams, et al. (2018). Prevalence of SED among U.S. children. *Psychiatric Services*, 69(1).
- National Survey on Drug Use and Health (NSDUH) (2022). 2020 NSDUH detailed tables
- CDC (2022). 2019-2020 Drug Overdose Death Rate Percent Change Map
- United States Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics, Multiple Cause of Death 1999-2020 on CDC WONDER Online Database, 2021.

WCMHS recognizes that many of our clients, especially those with dual diagnosis, disabilities, and our minority populations, struggle to get comprehensive care and experience disparities in the health care quality they receive. The agency seeks to decrease preventable disparities and inequities for clients by ensuring that our services offer comprehensive programming that treat the whole person. Expanding WCMHS' capacity to serve our community with integrated SUD and MAT services is a key strategic initiative that we believe will help us meet the growing demand for SUD and MAT care across the lifespan of our clients WCMHS will do so by continuing the services that TA currently offers, and by utilizing the expertise of TA staff to educate WCMHS clinical staff.

This acquisition will enable WCMHS to enhance current services for people with SUD, MAT, and COD needs and to sustain these improvements. Specifically, WCMHS will strengthen its capacity to serve clients with SUD/CODs, ensure all clients have access to screenings, referrals, and care coordination services, expand the use of our EHR and population health management strategies to capture service delivery, and boost outreach and services for subpopulations frequently facing disparities in access and quality of care within the community.

Criterion III: Organizational Structure, Affiliations and Operations

What is the organizational entity applying for this Certificate of Approval? Please describe any key

organizational arrangements necessary to implement this proposal such as contracts, affiliations, or partnerships and the financial or other contributions that any affiliated organization or related party will be making to the project. What will be the impact of this project on your agency's operations such as staffing, management and programs?

WCMHS is a Designated Agency. The organizational arrangements the agency will be making are the fulfillment of a contract to acquire Treatment Associates, an onboarding, communications, and integration plan for all TA and WCMHS staff, and an application to become a State of Vermont Preferred Provider. With the acquisition of Treatment Associates, their team of approximately 26 employees will join the WCMHS staff. TA's current staffing model, daily operations, and program offerings will continue without disruption at their current office locations in Barre, Montpelier, and Morrisville. WCMHS will integrate TA treatment protocols, policies, procedures, and billing practices as part of their operations plan. No other entity will be making any financial contributions.

Criterion IV: Financial Feasibility and Impact Analysis

Applicant must demonstrate the proposed project's financial feasibility and project sufficient resources to sustain operations and/or debt service demands over time. In addition to submitting the attached financial tables, please provide any narrative information that you believe would help illustrate the financial impact and feasibility of this project. If the tables reflect anything significant that requires an explanation or clarity, please address this in the narrative.

Were any alternatives to this proposal considered and, if so, why were they rejected? Explain why you believe there are no other less costly or more effective alternatives to be considered.

There were no alternatives considered.

Please describe the costs and methods of the proposed construction and demonstrate that they are reasonable as compared to the costs of similar construction in your local area.

Does not apply

Please address any of the following that are applicable to your proposed project:

For projects that require high levels of debt financing relative to the cash flow of the institution, submit the previous year's balance sheet and a projected balance sheet reflecting the increased debt level.

Does not apply.

For projects whose financial feasibility is endangered by low utilization, submit a financial forecast in which utilization levels are only sufficient for the service to break even financially.

Does not apply.

C: FINANCIAL TABLES

Please complete the following financial tables which are attached, or available, in an Excel format.

TABLE DESCRIPTION

- 1 Project Costs
- 2 Debt Financing Arrangement: Sources & Uses of funds
- 3A Income Statement: Without Project
- 3B Income Statement: Project Only
- 3C Income Statement: With Project
- 4A Balance Sheet- Unrestricted Funds: Without Project
- 4B Balance Sheet- Unrestricted Funds: Project Only
- 4C Balance Sheet- Unrestricted Funds: With Project
- 5A Statement of Cash Flows: Without Project
- 5B Statement of Cash Flows: Project Only
- 5C Statement of Cash Flows: With Project