



VERMONT ACADEMY OF
FAMILY PHYSICIANS

Vermont
Medical
Society

Vermont Chapter

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American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN®



To : Members of the House & Senate Appropriations Committees
From: Jessa Barnard, Executive Director, Vermont Medical Society, jbarnard@vtmd.org
Date: February 28, 2023
RE: Medicaid Rates for Primary Care within RBRVS Fee Schedule

Good evening and thank you for the opportunity to testify. **I am here not only on behalf of the Vermont Medical Society but also the Vermont Academy of Family Physicians and American Academy of Pediatrics Vermont Chapter in support of an 3.8% inflationary adjustment for SFY 2024 Medicaid rates for professional services contained in the Department of Vermont Health Access RBRVS Fee Schedule.** Our members provide primary care and specialty health care services in all practice settings, including independent practices.

Just last week, the Milbank Memorial Fund released the first national primary care scorecard.¹ The scorecard concluded that there is **“a chronic lack of adequate support for the implementation of high-quality primary care in the United States** across all measures.”

The report concludes: **“these findings represent an urgent call to policymakers and other stakeholders. It is time to accelerate adoption of policies that will demonstrably increase investment in high-quality primary care,** create a robust primary care workforce, and enable analysis and learning around the impact of primary care.”

Three Vermont independent primary care practices have testified to the House Health Care Committee this session regarding their challenge to keep their doors open. As Dr. Connelly shared, in the face of increasingly complex patients with more mental health needs, practices are struggling with stagnant or falling revenue sources, with downstream impacts on difficulty recruiting physicians into primary care, challenges hiring and maintaining staff in primary care practices, and ongoing threats to the sustainability of primary care.² As the independent primary care practice group Primary Care Health Partners stated in a recent letter to the Green Mountain Care Board, **“without an adequate revenue stream, we would need to accept the perseverance is not enough to survive.”**

There are 13 fewer independent primary care practices in Vermont since 2017.³ The stories are often sadly similar – clinicians near retirement who are unable to recruit a new physician or primary care clinician to take their place given low reimbursement and high administrative

¹ <https://www.milbank.org/publications/health-of-us-primary-care-a-baseline-scorecard/>

²

<https://legislature.vermont.gov/Documents/2024/WorkGroups/House%20Health%20Care/FY2024%20Budget/W~Kersten%20Connolly~Written%20Testimony%20in%20Support%20of%20the%20Blueprint%20for%20Health%20Proposal~2-17-2023.pdf>

³

<https://legislature.vermont.gov/Documents/2024/WorkGroups/House%20Health%20Care/Orientation/W~Susan%20Ridzon~HealthFirst%20Independent%20Practices%20Overview~1-25-2023.pdf>

burden on pediatric practices with a high Medicaid volume.⁴ Hospital-owned practices have also faced insufficient revenue to cover the costs of operating a primary care practices.⁵

What are the realities that primary care practices are facing? Practice expenses are up, reimbursement is down, and Medicaid is already one of the lowest payers. Practices are not sustainable with flat payments from Medicaid.

- ***Inflation:*** The consumer price index, reflecting real expenses facing medical practices such as fuel, electricity and wages, rose 6.5 % from December 2021 to December 2022.⁶
- ***Medicare cuts:*** Practices received a Medicare cut of 2.0% in 2023 and currently face another 1.5% cut in 2024.⁷ Medicare already pays well below commercial fee for service rates.⁸
- ***Medicaid case rates higher:*** With a pause on redeterminations, medical practices are seeing a higher percentage of patients with Medicaid coverage, lowering overall reimbursement.
- ***Blue Cross Blue Shield of Vermont Primary Care Payment Cut:*** In late December 2022, BCBSVT abruptly pulled out of One Care Vermont contracts, immediately ending \$2.50 per member per month primary care payments. While OneCare Vermont is taking actions to try to avert some of the losses to primary care, for example making increased primary care payments for patients attributed to MVP,⁹ VMS understands the current loss in funding could be approximately \$600,000 across primary care practices.
- ***Physicians Not Eligible for Additional Stabilization Funds*** – In AHS’ most recent Premium Pay grant program, only employees of primary care practices qualify for payments and physicians are not eligible.¹⁰

Medicaid’s RBRVS Fee Schedule is Based on a Flawed Medicare Formula

Vermont Medicaid’s RBRVS fee schedule for professional services is currently based on Medicare’s Physician Fee Schedule. (Note that this also applies to other clinicians such as PAs, and APRNs). While this imports consistency into fee schedule updates, such as Medicare’s changes to how specific billing codes are valued, Medicare’s fee schedule process is flawed. The Medicare Physician Fee Schedule is the only Medicare fee schedule that does not receive an inflationary adjustment. Adjusted for inflation, this means that Medicare payments under this fee schedule have declined 22% from 2001 to 2022.

⁴ https://www.manchesterjournal.com/local-news/shaftsburys-medical-office-to-close-on-june-30/article_4d7e697c-e75a-11ec-b6db-2b8e1b018b9f.html; <https://www.sevendaysvt.com/vermont/the-doctor-is-out-why-independent-physicians-are-disappearing-from-vermont/Content?oid=34416900>; <https://vtdigger.org/2021/02/24/four-shelburne-primary-care-doctors-to-close-shop-this-spring/>; <https://vtdigger.org/2015/12/12/four-pediatricians-leave-franklin-county-blame-medicaid/>

⁵ <https://vtdigger.org/2022/02/04/northwestern-medical-center-sheds-medicaid-heavy-pediatric-clinic/>

⁶ <https://www.bls.gov/opub/ted/2023/consumer-price-index-2022-in-review.htm#:~:text=Consumer%20prices%20for%20all%20items,for%20food%20away%20from%20home.>

⁷ <https://www.ama-assn.org/practice-management/medicare-medicaid/medicare-physician-pay-system-needs-real-fix-not-more-patches#:~:text=The%20AMA's%20push%20to%20avert,cut%20in%20store%20for%202024.>

⁸ <https://www.cbo.gov/system/files/2022-01/57422-medical-prices.pdf>

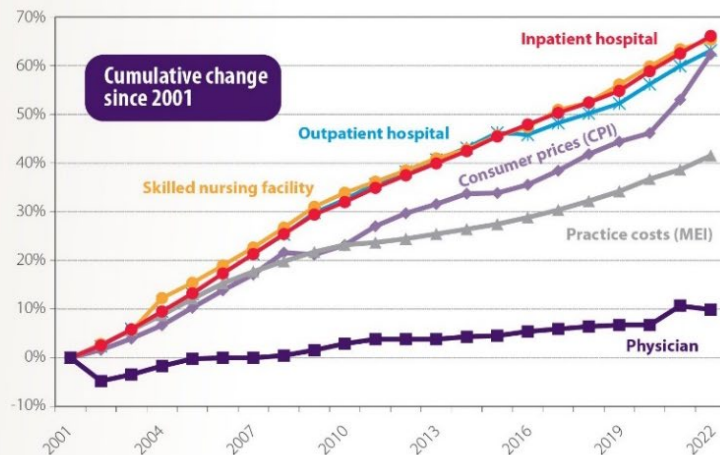
⁹ <https://gmcbboard.vermont.gov/sites/gmcb/files/documents/Response%20to%20Chair%20Foster%202172023.pdf>

¹⁰

https://humanservices.vermont.gov/sites/ahsnew/files/doc_library/Premium%20Pay%20Program%20Guidance_2.pdf

Medicare updates compared to inflation (2001–2022)

Adjusted for inflation in practice costs, Medicare physician payment declined 22% from 2001 to 2022.



Sources: Federal Register, Medicare Trustees' Reports and U.S. Bureau of Labor Statistics, American Medical Association, Economic and Health Policy Research, September 2022.

VMS is working with the American Medical Association and our congressional delegation to advocate to fix the Medicare Fee Schedule formula in future years. However, until inflationary adjustments are included in the Medicare formula and **for the SFY 2024 Medicaid Fee Schedule, our organizations request the fee schedule be adjusted based on the 2023 Medicare Economic Index (MEI) inflation factor of 3.8%, particularly for primary care.** While this is an imperfect and conservative measure of inflation, the MEI does provide a measure of inflation faced by physicians with respect to their practice costs and general wage levels. It includes a bundle of inputs used in furnishing physicians' services such as physician's time, non-physician employees' compensation, rents and medical equipment.¹¹

At a time when the state has been receiving increased FMAP to account for higher coverage by Medicaid and medical practices are facing unprecedented financial pressure, this is the minimum needed to help practices continue to stay open and serve Medicaid beneficiaries.

Thank you for your consideration and please reach out at jbarnard@vtmd.org with any questions.

¹¹ <https://www.cms.gov/newsroom/fact-sheets/effect-medicare-economic-index-mei-physician-update>