

To: House Health Care Committee
 From: Jessa Barnard, Vermont Medical Society, jbarnard@vtmd.org
 Susan Ridzon, HealthFirst, sr@vermonthealthfirst.org
 Date: January 8, 2024
 RE: Medicaid RBRVS Fee Schedule Update

The Vermont Medical Society, HealthFirst, Vermont Academy of Family Physicians and American Academy of Pediatrics Vermont Chapter submit these comments regarding the 2024 Medicaid RBRVS (professional services) fee schedule, which spans the SFY2024 BAA and SFY2025 Budget. **We write with opposition to a proposed \$96,606 cut to the professional services fee schedule proposed by DVHA and already effective January 1, 2024.¹ We further request ongoing positive inflationary adjustments in the Medicaid RBRVS fee schedule that at least equal the Medicare Economic Index - 4.6% in calendar year 2024.²**

A cut mid fiscal year is contrary to legislative intent. Last session, the legislature directed a 10% increase in primary care rates within the RBRVS fee schedule and a 3.8% inflationary increase to specialty services.³ Our understanding of the intent of this increase was to maintain these payment rates throughout the SFY24 year spanning July 2023-June 2024.

In this case, the \$96,606 cut derives from mirroring a January 1, 2024 decrease in the Medicare “Practice Expense CPCI” and “Malpractice GPCI,” while holding the conversion factors the same.⁴ As our organizations have noted in comments on the RBRVS fee schedule for several years in a row, there are drawbacks to Vermont’s Medicaid reimbursement rates being tied to the federal Medicare Physician Fee Schedule (PFS), over which Vermont has no control. We repeat our comments from last year and ask that DVHA not just adopt the Medicare PFS formula, but commit to long term sustainability of rates for medical services, which currently requires deviations from the PFS.

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

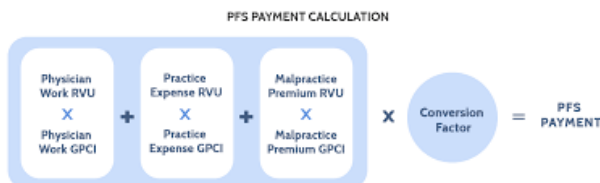
While basing the RBRVS fee schedule on the Medicare PFS imports consistency into fee schedule updates, such as Medicare’s changes to how specific billing codes are valued, Medicare’s fee schedule process is flawed. The Medicare PFS is the only Medicare fee schedule

¹ <https://humanservices.vermont.gov/sites/ahsnew/files/documents/23-155-P-GCR-RBRVS-Rates-CY2024.pdf>

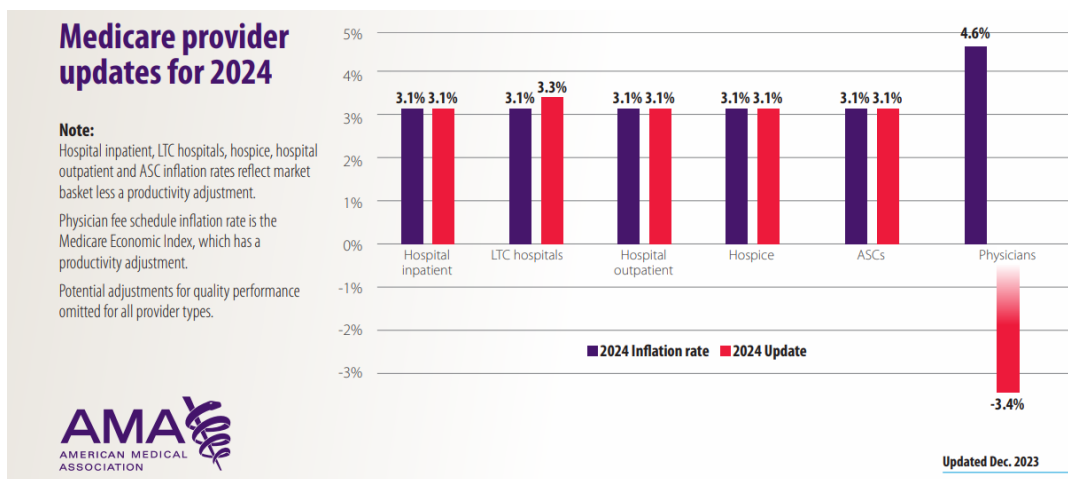
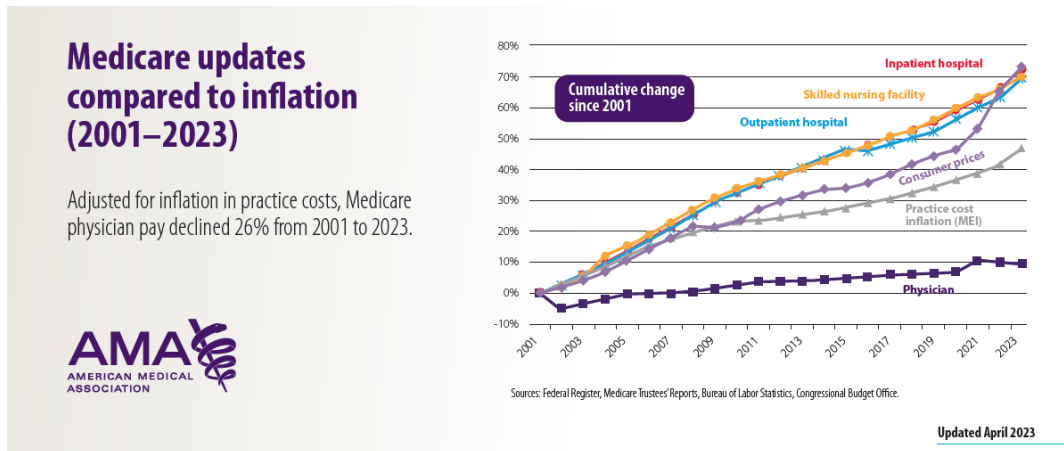
² <https://www.cms.gov/data-research/statistics-trends-and-reports/medicare-program-rates-statistics/market-basket-data> (See “Actual Regulation Market Basket Updates,” Box 63, Z)

³ https://jifo.vermont.gov/assets/Uploads/cb80a3266e/GENERAL-367707-v1A-FY24_Provider_Rate_Increases.pdf

⁴ GPCI means the Geographic Practice Cost Index. Medicare (and Medicaid) Rates are determined by a formula that multiplies work and practice expenses (RVUs) by geographic adjustments (GPCIs) and then by a dollar “conversion factor” to get the dollar amount paid for a service. See the following:



that does not receive an inflationary adjustment. Adjusted for inflation, this means that Medicare payments under this fee schedule have declined 26% from 2001 to 2023. This also means that absent Vermont legislative action in the State Fiscal Year 2025 budget, the RBRVS fee schedule could be cut by up to 3.4%, as this is the amount the Medicare fee schedule is slated to decline.



Our organizations are working with the American Medical Association and our congressional delegation to advocate to fix the PFS formula. However, until inflationary adjustments are included in the Medicare formula and **for Calendar Year 2024 (SFY 2024 BAA and SFY 2025 Budget), our organizations request the RBRVS fee schedule be adjusted based on the 2024 Medicare Economic Index (MEI) inflation factor of 4.6%**. The MEI provides 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.⁵ At a time 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 for additional information.

⁵ <https://www.cms.gov/newsroom/fact-sheets/effect-medicare-economic-index-mei-physician-update>