



Date: April 7, 2023

To: Chair Lyons and Members of the Senate Health & Welfare Committee

From: Susan Ridzon, HealthFirst Executive Director

Re: Medicaid Rate Increase

First, thank you for your public service and for the hard work that you perform on behalf of Vermonters. We appreciate your service. We are commenting on behalf of our 62 physician-owned primary care and specialty care practices located across ten counties in Vermont.

We are writing to urge your Committee to support the House-approved and House Health Care Committee's top priority of increasing Medicaid reimbursement rates for the physician fee schedule. Specifically, to increase the Fiscal Year 2024 RBRVS or Resource Based Relative Value Scale fee schedule to 110 percent of Medicare for primary care, and for a 3.8 percent inflationary increase for all other professional services that are not subject to the enhanced primary care rate.

Why This Increase is Needed:

- Medicaid aligns their fee schedule to reimburse practices at less than or equal to 100 percent of Medicare. In 2023, Medicare cut the Medicare Physician Fee Schedule by 2.5 percent. Thus, health care practices are projected to see flat or declining reimbursement rates for both Medicaid and Medicare. This is problematic because independent practices are already struggling to remain financially solvent, and Medicaid is already one of the lowest payers by approximately 30 percent.
- Twelve (12) of HealthFirst's independent practices have closed since 2017, with the primary cause being financial insolvency due to expenses outpacing reimbursements. Every independent practice closure negatively affects Vermonters' access to high value care.
- Independent practices are particularly vulnerable because they have little to no negotiating power and their only source of revenue is payer reimbursement.
- The consumer price index, reflecting real expenses facing medical practices, rose 6.5 percent from December 2021 to December 2022
- Federal loan forgiveness programs do not apply to clinicians working at independent practices which means independent practices can only attract clinicians with reimbursement packages derived from payer reimbursements. Any cut to reimbursements, and reimbursements that do not keep pace with expenses, further limits the ability of practices to competitively attract workers.

In summary, we urge the committee to support the Medicaid rate increases as recommended by the House. This increase will help practices to remain financially solvent in the face of increasing financial pressures, helping to preserve current access to care.

About HealthFirst

HealthFirst is Vermont's independent practice association representing 62 physician-owned primary care and specialty practices located across ten counties in Vermont. We estimate that approximately 85-90% of the independent practices in Vermont are HealthFirst members.