

Professional Fees are the Only Payment Source for Independent Physicians

<u>Payment Source</u>	<u>Independent Physicians</u>	<u>Hospitals</u>	<u>Academic Hospitals</u>
Professional Fees			
Commercial Payers	✓	✓	✓
Medicare	✓	✓	✓
Medicaid	✓	✓	✓
Facility Fees			
Commercial Payers		✓	✓
Medicare		✓	✓
Medicaid		✓	✓
Medical Education Payments			
Medicare DIRECT Grad Med Education payments			✓
Medicare INDIRECT GME augmentation			✓
Medicaid Fixed Annual Payment to UVMHC			✓
Medical School Tuition from Students			✓
Medical School Endowment + Donations			✓

- Independent physicians are a critical component of a high-quality, lower cost health care system
- Hospitals are paid additional facility fees for outpatient office visits at practices they own
- 95% of independent physicians in VT see patients with all insurance and the uninsured, often with sliding fee schedules and no ability to “cost-shift”
- Independent physicians also teach medical students voluntarily

THE SUBJECT OF THIS REPORT/DISCUSSION IS PROFESSIONAL FEES ONLY

2014 Data Shows Much Sharper Payment Variation for Primary Care Codes than in 2012

2012 Data from Dec 1 Phys. Practice Report

CPT Code	description	Ind. Physician	Academic Hospital	VAR %
99213	Low complexity office visit	\$80.68	\$98.71	122%
99214	Medium complexity office visit	\$120.03	\$148.77	124%
90471	1 st Vaccine admin.	\$26.82	\$38.41	143%
90472	2 nd Vaccine admin.	\$20.04	\$29.89	149%
36415	Draw blood	\$7.37	\$10.28	139%
90460	Inject allergy shot	\$34.60	\$33.50	97%
99395	18-39 y/o Physical	\$129.59	\$163.17	126%
99396	40-64 y/o Physical	\$142.77	\$180.44	126%
90658	Flu shot	\$19.74	\$27.09	137%
87880	Strep throat test	\$23.52	\$49.70	211%

2014 Data from Blue Cross

Ind. Physician	Academic Hospital	VAR %
\$78.00	\$177.00	227%
\$117.00	\$261.00	223%
\$25.00	\$43.00	172%
\$15.00	\$46.00	307%
\$9.00	N/A	N/A
N/A	N/A	N/A
\$135.00	\$287.00	213%
\$149.00	\$307.00	206%
\$16.00	N/A	N/A
\$25.00	\$49.00	196%

Average Variation 138%



220%

Payment Variations in Specialty Codes are Even More Severe

2014 Data Sample of Specialty Procedural Codes (Not addressed in Dec 1 report)

CPT Code	Specialty	Ind. Physician	Academic Hospital	VAR %
45378	Gastroenterology - Dx Colonoscopy	\$584	\$1,356	232%
45385	Gastroenterology - Colonoscopy with removal of tumor, polyp, or lesions	\$765	\$1,819	238%
20610	Pain Med - Drain and/or injection of major joint or bursa	\$116	\$235	203%
92012	Ophthalmology - Eye Exam Est Patient	\$84	\$278	331%
11000	Dermatology - Skin Biopsy Single Lesion	\$109	\$349	320%
17000	Dermatology – Destruction Of Premalignant Lesion	\$83	\$273	329%

Average Variation **275%**

Pay Parity for Physicians Would...

- Achieve GACB/the Administration /Act 48's stated goals of fairness and transparency.
 - Patients would pay reasonable rates at all sites under their very high deductibles.
- Not be overwhelming to achieve, considering there are a comparatively small number of independent physicians and parity would only apply to professional fees.
- Help reduce overall spending by supporting and maintaining a lower-cost care delivery model
- Maintain choice for patients to visit independent practices by keeping them in business, and keep more physicians practicing in Vermont
- Take an important step towards accurately pricing the value of health care services.

Patients in universal coverage, low-cost systems with equal physician pay access most of their care through independent physicians

- France
 - Health Care Expenditures 11.6% of GDP
 - 70% of primary care and 50% of specialists are self-employed
- Germany
 - Health Care Expenditures 11.3% of GDP
 - Almost all outpatient doctors work in private practice
 - 50% of doctors in primary care, 75% of patients access same day or next day appointments
- Canada
 - Health Care Expenditures 11.2% of GDP
 - Majority of family physicians are self-employed
- Vermont
 - Health Care Expenditures 20% of GDP
 - Majority of physicians employed in higher-cost hospital settings
 - Patients losing access to personalized, convenient, affordable care offered by independent practices

Sources: Healthcare Triage: Aaron Carroll - Canada : <https://www.youtube.com/watch?v=1TPr3h-UDA0>; France: <https://www.youtube.com/watch?v=yF69KVbUaQ>; Germany: <https://www.youtube.com/watch?v=NdarqEbDeV0>

Summary

- **The issue is more critical to Vermonters than the report suggests.** The Administration's Dec 1 Physician Practices Report starts to demonstrate the pay variation problem, but only reported primary care, and based on data from prior to the time the issue became intolerably severe .
- **This situation is acute and precarious for VT small physician practices** because of major shifts in VT health care delivery that occurred in the past 2 years, after the Report's data , and that precipitated the call for this Report.
- **Independently owned physician practices are central to lower-cost universal coverage delivery systems,** as data from other countries shows
- **The important role of independently owned practices in offering efficient care at lower overall cost, and maintaining diverse choices for patients** ought to be prominently considered as Vermont contemplates health care reform.

Appendix

Changes in Health care delivery

- 2013
 - **FAHC employees** moved from Vt Managed Care (VMC), through which all practitioners were paid the same, to Blue Cross network that was paying independent physicians with dramatically lower fees.
 - FAHC decided to close VMC, causing all **TVHP (BCBS managed network) patients** to move to lesser BCBS community rates, and all **MVP** to move to disparate fee schedules

Changes, con't

- 2014
 - **State employees** moved to Blue Cross from CIGNA. CIGNA pay disparity not as substantial as BCBS.
 - **Exchange plans** sign up patients: BCBS gets vast majority of enrollees. Widely disparate fee schedules, already in existence, applied. Insured Vermonters pay widely different fees under same health plans with same deductible limits.

2014 Data Comes From BCBS Website

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- Links to helpful resources
- Transaction Tools to help you manage your policy

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Use these tools to research price and quality information associated with your health care coverage.

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Member Center
Visited Nov/Dec 2014

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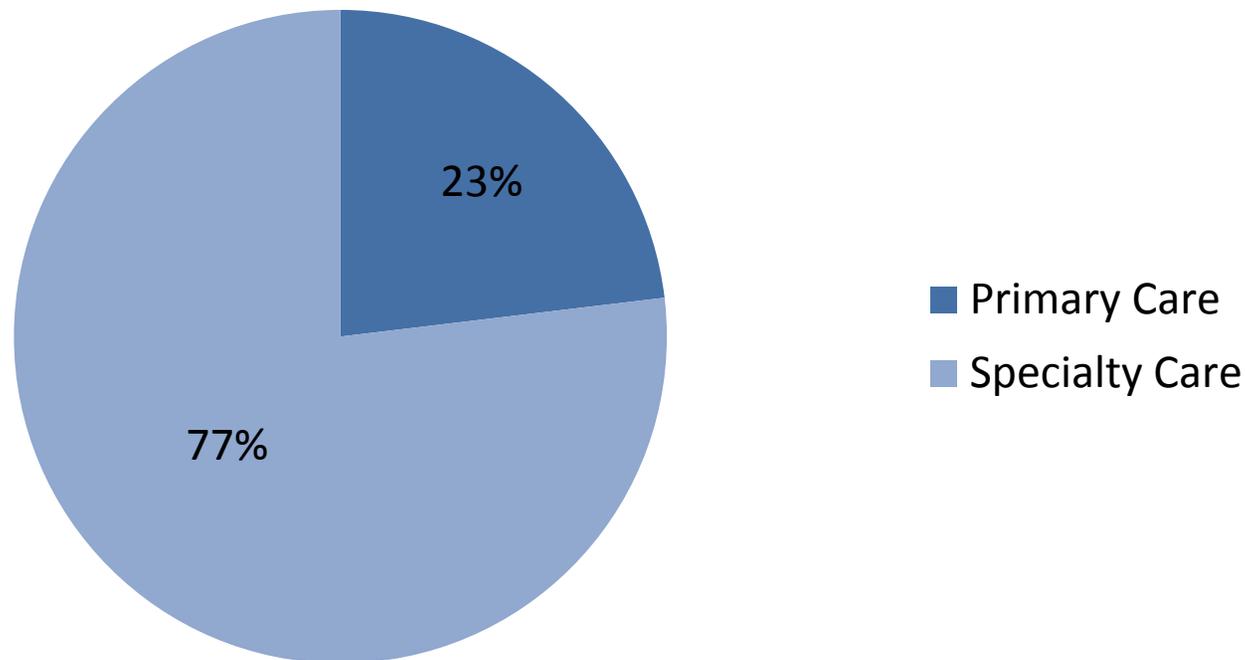
Detailed Price Report by Code

John Doe, MD

		VHP
Category/Code	Description	Provider's Median Price*
Professional Services		
99213	OFFICE/OUTPATIENT VISIT ESTABLISHED PATIENT - 15 MINUTES	\$177.00
99214	OFFICE/OUTPATIENT VISIT ESTABLISHED PATIENT - 25 MINUTES	\$261.00
99243	OFFICE CONSULTATION - 40 MINUTES	\$301.00
99396	PREVENTIVE VISIT - AGE 40 THROUGH 64 YEARS	\$307.00

Primary Care is a Small Portion of Total Spending Compared to Specialty Care

**Total Expenditures on Professional Fees
2013 Medicare Data***



Source: * 2013 CMS Medicare Claims Data for ACCGM, Healthfirst's Medicare ACO