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**Service Providers Input on an “All-Payer” Model**  
**Patrick Flood, CEO, Northern Counties Health Care**  
**Testimony Before Vermont House Health Care and House Human Services**  
**January 14, 2016**

The concept of an all-payer waiver has potential to improve health and health care in Vermont, if done correctly. The FQHCs recognize the potential of an all-payer system to:

- a. Garner and re-invest savings from Medicare.
- b. Provide flexibility in payment, so an effective capitation model can free physicians to practice differently.
- c. Change hospital incentives and free resources to invest in population health and primary care.
- d. Create flexibility in home health, Area Agencies on Aging, developmental and community mental health services, and other areas to meet patients care needs beyond the traditional scope of reimbursable services.

To achieve these goals, the following key elements must be included in the plan for it to succeed:

- a. Strengthen primary care.
  - Primary care is critical to the success of health reform, and primary care is in crisis. Our primary care doctors are burning out. Administrative work takes doctors away from their patients and limits access as doctors give up time with patients to deal with paperwork and data collection. Doctors are consumed with data collection and measurement that doesn't improve direct care to patients, but takes a high toll on providers.
  - New doctors don't choose a career in primary care because primary care practice is stressful and doesn't provide an income consistent with the student debt of new graduates. We need to sustain investments in loan forgiveness programs.
  - Reimbursement for private primary care services is too low. The all-payer model must have a detailed plan to reduce the burdens and invest in primary care, up front, for health reform to succeed.
- b. Support and integrate community services.
  - Other community providers such as VNAs, DAs and AAAs, play an enormous role in keeping people healthy and out of more expensive settings. They are the agencies that help address the all-important social determinants of health. Yet those agencies are struggling financially.
  - The agencies best positioned to help with true population health have not been included in planning for the APM, and may not be part of that system for a year or longer. Without the help of these agencies, health reform will fail.

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- The all-payer model anticipates changing hospital incentives so, wherever possible, people get excellent care in their home or community instead of expensive hospital settings. The all-payer model assumes that eventually hospitals will have incentive to invest in services outside the hospital setting. Investing in these services is the right thing to do, but the agencies we're talking about are struggling and need greater up-front investment so they are positioned to play a bigger role than they do now. In other words, we need to ensure these agencies can meet the need.
- c. Real reform will happen at the local level.
  - Statewide planning must reflect local efforts and be constructed to support local change. Functionally integrated systems of care, with are essential for success and will provide results more quickly, and decision-making about where to invest needs to be owned at the community level.
- d. Planning for an all-payer model needs to be clear and detailed on how we will support transformation at the community level.
  - Statewide planning must reflect local efforts and be constructed to support local change. Functionally integrated systems of care, with are essential for success and will provide results more quickly, and decision-making about where to invest needs to be owned at the community level.
  - Vermont's FQHCs developed a set of principles to transform Vermont's Health System. We are working with our community partners, other stakeholders and policymakers to put these principles of transformation into action. –
  - The GMCB staff has committed to convene the work group that will outline action steps on these transformation principles. This work is a critical next step and is just as important as the payment models on which the work groups have focused for the past year.
  - A successfully transformed system would build on these principles and it is essential that we make these principles a reality.
  - We'd like an opportunity to talk to you about those priorities in more detail.

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