

2/1/16

To: Rep. Janet Ancel, Chair House Ways and Means Committee  
From: Hannah Rabin, MD, Richmond Family Medicine, Richmond Vermont  
Re: Sec. 30 of the Feel Bill: Establishing a 2.35% tax on net patient revenue of independent doctors and dentists

My name is Hannah Rabin. I am a family physician. I grew up in Vermont, attended college out of state but returned to Vermont for medical school and residency and have been in independent practice for more than 15 years. I work at Richmond Family Medicine, a small independent family practice in Richmond, Vermont. We provide primary care to 7000 Vermonters of all ages and are a National Committee for Quality Assurance Level 3 patient centered medical home. The practice is owned by my 2 physician partners and me, and we employ 2 family nurse practitioners, as well as 12 other staff. Within our clinic we collaborate with a psychiatric nurse practitioner, a nutritionist, a psychotherapist, a clinical social worker, a health coach, and a clinical pharmacologist. We are engaged in the daily care of patients as well as managing panels of patients who are at higher medical or socio-economic risk and reach out to those patients to be sure they are getting the care they need. At any time, we have several quality improvement projects underway within our clinic to be sure that we are providing evidence based medicine which achieves the best possible results.

As you might imagine this high quality of care can be costly. As a small organization we are nimble and able to try new approaches. We keep our overhead as low as possible since we have a very lean administrative structure. There are, however, more and more financial burdens on all practices such as buying and maintaining an electronic medical record system. We are a small business that we run ourselves and the monthly revenues cover the bills each month with little margin.

We provide high quality, accessible, and lower cost care to patients and offer an independent community based alternative to patients in a state where the main other health care choice is a higher cost, large and growing hospital based health care organization.

This proposed 2.35% tax on independent doctors threatens to put us out of business and leave some Vermonters without care and drive others toward the hospital based practices which would result in higher cost medical care.

Independent practices like ours have suffered from the Medicaid cuts and have no ability to cost shift when cuts in reimbursement take effect. Blue Cross and the other private insurers have not accepted our requests to negotiate our fee schedules and our contracted rates paid by the insurers have remained flat for years, despite the increases in the cost of providing care to patients and despite the fact that the contracted rates for the same services provided by the hospital-employed physicians are significantly higher.

The proposed 2.35% tax on net patient revenue would not make up for the Medicaid cuts in reimbursement. We increased our percent of Medicaid patients last year by 4% but our Medicaid revenue actually dropped by 5%. The proposed tax would cost our practice an estimated **\$40,000**. Making up for a cut in the pay for caring for Medicaid patients by taxing the doctors whose pay was cut, seems a bizarre sleight of hand.

Practically speaking, it becomes increasingly difficult to retain physicians, to attract new physicians and keep the doors of independent clinics open. Competing with the hospitals for new physician recruits has become an impossibility for small independent practices such as ours. New doctors coming out of residency with medical school debt simply can't afford to take a job with a small primary care practice when the hospitals are offering a significantly higher salary than we can afford to offer. Our practice has been unable to hire a new physician in the last few years. We have one partner nearing retirement, and we may not be able to replace him. We struggle to provide our staff with cost of living raises and to keep up with other rising costs of doing business when our revenue does not increase.

I would strongly encourage the legislature and the Governor to recognize independent doctors who are providing high quality, lower cost care, and to enact measures that support rather than harm this valuable part of the healthcare system in Vermont. I fear the alternative--a high cost, no-choice monopoly system of care delivery that would be the unfortunate consequence of the proposed tax on independent doctors.