



TO: Representative Janet Ancel  
Chair, Committee on Ways and Means

FROM: Toby Sadkin, MD  
Chair, Primary Care Health Partners

RE: Sec. 30 of the Fee Bill: Establishing a 2.35 percent tax on the net patient  
revenue of Independent Physicians and Dentists

DATE: February 3, 2016

I am Toby Sadkin. I am a family physician at St. Albans Primary care, where I practice full time. Coming here to speak to you today not only takes me out of my usual element, but also required that more than a dozen of this morning's patients be inconvenienced on short notice and rescheduled. While I regret the inconvenience to my patients, I know that if I am going to be there for them tomorrow, I need to be *here* today. I know that a tax on independent physicians could create enough of an additional burden that I, (and my other independent practice colleagues), may soon have no practice at all. So it is compelling to me to tell you our story in an effort to stop a tax on independent physicians.

In addition to practicing full time I am also the chair of Primary Care Health Partners (PCHP), which is the largest independent primary care group in Vermont with offices in Bennington, Brattleboro, Burlington, South Burlington, and St. Albans. Across these offices, there are 20 physicians, 10 nurse practitioners, 5 physician assistants and approximately 80 supporting staff. PCHP's business model is unique as we preserve the concept of local independent ownership of medical offices, while building on efficiencies in sharing administrative resources. Among these practices, we take excellent care of a lot of Vermonters. Our active patient panel is close to 25,000. We are committed to delivering the highest quality care to our patients and all of our practices have achieved the highest level (Level 3) recognition issued by the National Committee for Quality Assurance (NCQA).

Primary Care Health Partners and other independent practices are an important part of our healthcare system. Independent practices offer a lean infrastructure, fostering an environment in which high quality health care can be provided with great efficiency. The absence of large infrastructure also allows independent practices the ability to adapt quickly to changes, and independent practitioners have been leaders in innovation for healthcare re-design. For example, the PCHP practice in Bennington was part of the original VT Blueprint for Health pilot project in 2005, and our practice in St. Albans helped create the very first lab interface to VITL in 2008. There are many other examples of innovative and collaborative projects that we continue to be involved with regularly. Independent practitioners are some of the hardest workers, doing some of the best work, with the least available resources.



Yet independent practices, ourselves included, are facing tremendous challenges, and our very existence is threatened. We have been greatly burdened by more and more regulations and requirements. The electronic health record alone with its inherent additional costs in maintenance, interfaces, and required upgrades is exorbitantly expensive. In addition, there are numerous other standards that must be met such as NCQA, The VT Blueprint for Health, and federal Meaningful Use, just to name a few. Each of these comes with a price tag, which is measured not only in dollars, but also in the great amount of time which is necessary for workflow re-design and staff training. There has been no corresponding increase in reimbursement to our practices sufficient to cover these costs. Payment to the independent practices for office visit fees is at a rate significantly less than payment to the hospital practices and FQHC's for the same services. Hospitals enjoy better commercial rates; FQHCs enjoy better Medicaid rates. Independents do not have access to either of these, and the 2015 cut in Medicaid reimbursement has made it even harder.

As a result, we are now faced with the reality that it has become impossible for us to recruit physicians, as we cannot afford to offer competitive compensation. Hospitals, FQHCs, and the independent practices are all competing for qualified employees, but the hospitals and FQHCs clearly have more financial resources. They offer higher salaries and better benefits than we can offer. In fact, Hospitals and FQHC's often hire physicians and staff directly out of our practices. And though PCHP is the largest independent primary care group in Vermont, we have lost 6 physicians (and 2 practice sites) over the past 5 years, and yet another of our practice sites will soon be leaving to join a hospital based practice. Without exception, each of these practitioners has been hired away by a hospital practice or an FQHC, where they were offered significantly higher compensation and significantly richer benefit packages.

The threat to the existence of independent practices in Vermont is real. The implication of enacting a tax on independent practices could be devastating as yet another financial burden is placed upon us. Independent primary care practices have no reserves and no place to cost shift. If independent practices are faced with this tax, it is likely to be the breaking point. And then what will happen? There are two possible outcomes---either the practices will simply close (practitioners leaving or retiring), leaving a problem with access to care for many Vermonters, or the practitioners will join a hospital based practice or FQHC, which will add further cost to the system. ***Less access or more cost.*** Either way we all lose.

Do not place this tax on the independent practices. Make it possible for the independent practices to continue to exist and for hard working, innovative physicians and practitioners to continue to bring the best quality, most cost efficient care to our patients.

Thank you.