

**Statement to the Vermont House Ways & Means Committee  
from Middlebury Family Health**

Madam Chair and the Members of the House Ways & Means Committee, and the Citizens of Vermont, Thank you for this opportunity to speak today. My name is Linn Larson and I have been a Family Practice physician in Middlebury Vermont since 1992. I went to the University of Vermont Medical School with the intention of practicing rural primary care. In other words I wanted to be a country Doctor. In the 1990s, small hospitals didn't employ physicians. So, Doctors Eileen Fuller, Dayle Klitzner, and I found rental space, bought a bunch of used equipment and "hung out our shingle". I think I saw 5 patients my first week. Over the past 25 years, we have grown to 5 MDs, 5 nurses and 6 administrative staff. Last year we had over 10,000 patient visits at our practice

Middlebury Family Health is committed to the community and has been on the forefront of many efforts in this state to improve quality, lower cost, and expand access. We have been a Vermont Patient Centered Medical Home since the first certification in 2011. We have collaborated with the Porter Hospital primary care groups on data collection for quality measures for our Health Service Area. We work with the Quality Innovation Network. We embraced the electronic health record. *We were the first practice to achieve Meaningful Use in Vermont, an event marked by a personal visit from Senator Leahy.*

I am here today because I believe that the kind of practice I just described – a medical practice that is committed to the community, high performing, and independent -- is in jeopardy in Vermont.

As many of you are aware, different doctors in this state get paid different amounts for the same service depending on who they work for.

As a small practice, we can't negotiate with insurers. The upshot is that for a complicated visit, insurers pay us on average ¾ of what they pay a Porter Hospital employed physician. Private practitioners also pay taxes that hospitals don't, such as income taxes and personal property taxes. In 2015, Medicare decided to sequester 2%. Medicaid cut its rates to us by 20%. There is no corresponding decrease in our costs of providing services. The difference comes from us. This threatens our practice's ability to see Medicaid patients. If you have been wondering why your independent doc is now working for a hospital, this is the reason. It's not scale, it's not efficiency, it's not the future: It's the dollars and cents that come out of our current nontransparent system

That's why this independent provider tax is so threatening. It comes on the top of an already unbalanced reimbursement structure. We have estimated that this tax would cost our practice **\$35,903**. Other private practices are in much the same boat as we are. Last year *independent* pediatric practices in St. Albans closed partly because they could

not afford the 20% Medicaid payment cut that started in 2015. The provider tax is certain to lead to further closures.

I am aware that Governor Shumlin is trying to raise money in order to cover the Medicaid deficit and to increase matching federal dollars. However, as we all know, with each transition of payments, money is lost to who knows where and the likelihood of primary care seeing any offsetting benefit from this tax is low.

The irony of all this is that private practice primary care is the best model for providing low cost, high quality care in the state. Our practice, like many independents, has been on the cutting edge for quality in programs such as the Blueprint for Health, Meaningful Use, QIO, and PQRS, and Commercial ACO quality measures. And if you take the reimbursement example above, we do this for 22% less than a hospital-based practice!

I loved going to University of Vermont Medical School, but I didn't want to work for them or any other hospital for that matter. This is true of many physicians coming out of training who love the freedom private practice brings. As independent practices close, it will become that much harder to recruit physicians to Vermont. As for me, the last thing I want to do is leave my patients or my practice. But on numerous occasions in the past year, we have had to delay paying the partners so we could pay our staff and our bills. That is not a sustainable model.

So, I oppose the provider tax to independent providers partly due to its results for me personally and professionally, but also for what it might inflict on the state of Medical Care in Vermont. I am a doctor, not an economist, but it's a pretty *well known fact that competition drives costs lower. This tax threatens the existence of independent practices, moving us toward a "single provider" model that I don't think any of us want.* As legislators, I urge you to consider the negative impact this will have on providing low cost, high quality medical care to our fellow Vermonters. Thank you.