An independent provider tax would further disadvantage independent providers from trying to compete with UVM medical centers. It would further accelerate the provider burnout that independent providers feel as they are forced to see even more patients to make up for the losses. Both of these factors would contribute to even more private practices like ours closing and/or selling out to UVM.

Since UVM medical center has significant market power to negotiate higher-than-competitive prices from insurance companies, when the services that we are now providing are shifted to UVM employed providers, it will create a huge additional expense to the healthcare system, and taxpaying Vermonters via the State employee, teachers, retired teachers and some municipal workers health benefit programs.

The following examples of several routinely performed outpatient services demonstrate the difference in reimbursement rates between UVM employed medical providers and independent-non UVM employed medical providers like us for the **exact same services.** These examples are based on BCBSVT reimbursement rates listed on the BCBSVT website in 2015.

Service	Non Provider	UVM Provider	% of non-UVM Provider
New patient exam (99203)	$124	$258	**208% or $134 more**
Existing patient exam (99213)	$73	$173	**237% or $100 more**
Existing patient exam (99214)	$110	$255	**232% or $145 more**
Preventive Visit 18-39(99395)	$132	$280	**212% or $148 more**
Preventive Visit 40-64(99396)	$146	$299	**205% or $153 more**

Because there is such a significant difference in reimbursement rates, UVM can afford to pay a provider tax which is minimal compared with their huge reimbursement discrepancy.
Independent providers have no buffer from which to pay the tax.

These are not essential services that only UVM medical centers can provide, in fact we independent physicians are fully qualified to perform them and we do.
Here are some examples from just our practice of what would happen to overall healthcare spending if we were to go out of business. These numbers are based upon the total services we performed in 2015 and the BCBSVT reimbursement rates for that time.

Cost shift sample of 5 of our services

1) New patient E&M (evaluation and management) (99213), 292 visits provided X $134 difference = **$39,128**

2) Existing patient E&M(99213), 1614 visits x $100 = **$161,400**

Exisiting patient exam (99214, 935 visits x $145 = **$135,575**

Preventative visit 18-39yrs old (99395), 1535 visits x $148 = **$227,180**

Preventative visit 40-64 (99396), 806 visits x $153 = **$123,318**

The sum total of **$686,601** represents the additional system expense if these visits were performed by a UVM provider. It's important to note that these are only a sampling of all the services that we perform, it's easy to see that this figure is much greater for all the services.

On the flip side, if we were to be reimbursed slightly more, we could afford to hire more OBGYNs and would be able to provide even more of these services per year and save the system even more money. We have a really hard time attracting new providers because we cannot afford to compete with other employers who offer higher salaries, even though we have a very high patient demand for our services.

One recently departing physician said, "You guys are going to have a real hard time replacing me with Vermont salaries." We're a busy practice and we survive currently based on volume. However that model is not sustainable for the provider staff, as many are dealing with the real possibility of burnout.

I think it's a shame that experienced Physicians such as ours contemplate another career after only 11 years of work because they simply cannot keep up. Imagine losing an experienced professor or scientist or lawyer at the age of 42 because they cannot keep up any longer with the workload and never see a corresponding increase in salary. We need to maintain this demanding workload to generate enough revenue to pay our bills. There is substantial investment in the training and development of a physician both in cost and time. Losing such a resource is a loss for our community.

An equitable reimbursement for UVM medical centers and private providers, and not additional taxes would allow for a more sustainable working life for the private community provider and save the health care system and taxpayers a lot of money.

Another challenge that our practice faces is the need for a parking lot expansion due to the increasing demand for our services. It's incredibly disturbing to see one of our pregnant patients walking through the snow from a parking lot up the road because ours is full. The fact that our providers see an unsustainable patient load and that our parking lot is full should serve as testament that private practices like ours are what the citizens of this community desire. The sad reality is that we have had to delay the $130,000 parking lot expansion project for three years because we quite simply cannot afford it.

One great example of the quality of our services is reflected in our Caesarean Section rates. Our c section rates are annually lower (16.7%, 2014) than both national (32.4%, 2014) and state(27.5%, 2010) averages, which requires more work from our experienced providers and brings us a lower reimbursement rate.

Expanding our capacity in both staffing and facilities is not economically feasible at this time, but it's what the public wants and it saves Vermonters money. Frankly I'm really surprised that insurance companies like BCBSVT are not actively communicating to their subscriber base that they should seek private health care providers and facilitating reimbursement rates that help ensure our private providers will survive!

Impact on the State Employee benefits

Because all Vermont state employees, all Vermont teachers and retired teaches and many municipal employees have BCBSVT insurance, and UVM medical center dominates the delivery of health care services in Vermont (there is not one independent MD in Montpelier that I am aware of), Vermont tax payers are paying inflated BCBSVT insurance premiums for these civil servants. The current situation drives up the cost of education, property taxes, income taxes and directs valuable resources away from other state programs. These inflated health care premiums also serve to drive up the costs of doing business in Vermont and slow business growth and discourage business development.

A more fair reimbursement system based on the federal Resource-based relative value scale would create a common fee schedule for all providers based upon the costs of delivering the service. Parity in reimbursement rates would allow independent providers to survive and save a very significant amount of money to the healthcare market and taxpayers. An example would be to lower UVM medical center reimbursement rates for all services that can be performed by independent providers by 45% and then increase independent provider rates by 21%. The potential cost savings would be impressive.

Unlike UVM medical centers, independent providers have no leverage to negotiate rates. Currently the insurance reimbursement rates are essentially “take it or leave it” for the independent providers. It is very likely that because of UVM's inflated reimbursement rates, the independent provider reimbursement rates have remained stagnant and artificially below competitive market rates. This disparity of reimbursement has undoubtedly forced some practices to sell out to UVM, thus further decreasing the chance of competitive balancing of prices and cost control.

Regulatory adoption of a common standard Medicare based provider fee schedule by private insurers would insure that costs and prices are more transparent and foster a more cost conscious health care provider market, while allowing public policy makers to take the control of Vermont health care spending away from the monopoly of UVM medical centers and back into the hands of health care consumers.

Medicare payment methods (RBRVS) are designed to capture cost differences outside of the control of providers through case-mix adjustments, medical education adjustments and input-price indexes. Since payment rates are expressed as a percentage of Medicare rates, these factors have been taken into account.

Annually the public policy makers would simply set rates at a fixed % of Medicare rates and have control over a majority of health care costs. It would be as simple as one number: 20% or 25% or 30%... and could vary year to year in order to control health care premium rate increases and thus education spending, income taxes, property taxes.

As our Vermont population ages and the demand for health care services continues to increase, It will become increasingly critical to the entire Vermont economy that public policy makers regulate a fair, competitive health care marketplace that drives the cost of care; not powerful monopolies of of health care services. Policies that ensure the survival of competitive independent health care providers throughout Vermont are crucial to the survival of every aspect of the Vermont economy. Every sector is influenced by inflated BCBSVT healthcare premiums due to the monopolistic power of UVM medical centers. Independent providers are the only competition that UVM medical centers have and the only hope that Vermonters have at controlling costs as they have had to control their costs for decades.

If we continue to allow, or even worse, expand health care supply models that support the centralization and monopolistic control of health care services we will see health care costs continue to grow from the current grossly inflated point.

In summary, we provide a valuable and high quality service at a lower cost. Not supporting private practices with equitable reimbursement will lead to a reduction in quality of health care and at a higher expense to us all.