

Testimony to Senate Finance Committee
Robert S. Emmons, M.D., January 27, 2016

I am a psychiatrist who has maintained a private practice in Burlington, Vermont for twenty-six years. I also founded and staff the Franciscan Free Psychiatric Clinic, which we hold every week at the Church of the Crucified One in Moretown, Vermont.

Vermont is facing a serious Medicaid budget shortfall. Governor Shumlin has proposed a 2.35 percent tax that falls exclusively on independent physicians and dentists. We are told that this proposal will be revenue neutral for physicians: Medicaid rates will be raised to offset the tax for the doctors and more federal funds will be drawn down in the process.

It won't work that way in my practice. I see Medicaid patients at no charge in my free clinic. I do not bill Medicaid, or any third party payer. My patients pay out of pocket at the time of service, and some get reimbursement from commercial insurance plans for my services as an out of network doctor. I cannot recoup the tax in the form of higher Medicaid reimbursements. If the Governor's proposal is enacted, the entire 2.35 percent tax will be passed on to all my patients, along with the administrative cost, so it is really an *illness* tax, not a physician tax.

The State of Vermont is working closely with UVM Health to strengthen its eventual position as the one Accountable Care Organization that will deliver all medical care, with the goal to manage more tightly the state's overall health care budget. And yet, the wait time for psychiatric services at UVM Health is quoted these days at fourteen months. It takes six months for me to schedule a routine appointment with my internist there. For immediate concerns, I don't even bother to call; I go straight to an independent Urgent Care.

In my direct-pay private practice, I have no waiting list, because cutting out the time it takes to administer third party payment increases the time I have available to see patients, new and old. The money I save on overhead is passed on directly to my patients in the form of a fee that is half the hospital fee. Private practice is the safety net for Vermonters when limited budgets, limited physician supply, and administrative overhead create long waits for care in the hospital-based systems and public clinics.

Patients are very sensitive to price when they are paying out of pocket, which works to their advantage in my kind of practice to discourage unnecessarily protracted treatments. Unfortunately, price sensitivity also makes patients respond to incentives that are created to serve third party agendas. A special tax on independent doctors may serve a political program of phasing out private medicine in Vermont, but it does not serve ill Vermonters to create new disincentives for care in the one sector of the medical market where they can find timely treatment. We generally tax behaviors we want to discourage. If this tax is enacted, it will send a strong message that the State of Vermont believes that getting care from a private doctor is a choice that falls into the same category as drinking alcohol, drinking soda, and smoking tobacco.

Vermont has a serious shortage of physicians and needs to recruit new ones. When physicians looking for work read about a special tax on doctors, they will miss all the nuance of the proposal and quickly write Vermont off their lists of places to consider for practice. This effect will only add to waiting times for patients.

The documents that describe Vermont's proposal for an All-Payer Waiver promise in multiple places that Medicare beneficiaries will "keep their choice of providers." That may be absolutely one hundred percent true, on paper, in the strictest legal sense. But if the legislature singles out one group of patients and doctors for a special financial disincentive, then the right to choose one's own doctor is a right on life support.

The Governor's proposal does not help my patients, nor does it help patients across the state now waiting for medical care. Thank you for your consideration.