

Universal Primary Care Cost Analysis
Testimony by Deborah Richter, MD

I am here to testify about Universal Primary Care –and the need for a cost analysis of how to provide publicly funded primary care for all Vermonters.

The cost analysis is required to move forward on the proposal to publicly fund primary care for all Vermonters embodied in S88/ H207.

This may seem like just another study like all the others that will just sit on a shelf and never amount to anything.

However, this study amounts to a calculation that is needed to determine how much it would cost to provide publicly funded primary care to all Vermonters and the economic impact of such.

Why primary care?

- Primary care is the most important sector of health care. It is the backbone of any health care system, without which the system will fail patients. It is the sector of care that all of us need whether we are sick or healthy. Primary care helps prevent illness. Primary care helps maintain health and manage patients with chronic diseases.
- One of the main reasons systems throughout the world have half the per capita costs that we do is due to their strong primary care infrastructure.
- We do not need a study to prove that primary care lowers costs and improves population health .That is well documented and not in question. Primary care has been shown to lower overall health care costs and it is the only sector shown to improve population health. (see references).
- If it were a new treatment or drug, we would spare no expense in investing it.
- It is essential that all Vermonters have unfettered access to primary care. Although more than 96% are insured. **Nearly three in ten (27%) privately insured residents under age 65 are underinsured.** It is even more striking with the young as, **more than six in ten (63%) of those aged 18-24 with private health insurance are underinsured.**

- **Vermonters most frequently went to the doctor once in the previous 12 months. Most (61.6%) only saw a primary care practitioner.**

- **Only 10% of privately insured Vermonters are in the Exchange** at all. So, even if they bolster the Exchange, this does nothing for the other 90% of privately insured Vermonters, many of whom are underinsured.

- The proposal is to publicly finance the private insurance and out of pocket portion of primary care. A rough estimate for this is about \$160 million. This is a back of the napkin calculation and clearly we can't move forward without a more accurate assessment as to exactly how much would be needed. \$160 million is about 3% of what will be spent on health care in Vermont this year. The offset in reductions in private insurance premiums would likely around 5 %. But again we need an accurate assessment.

With this everyone has unfettered access to primary care.

- Another major reason to publicly fund primary care is to serve as a recruiting and retention mechanism for primary care practitioners.

The study will look at changing the way we pay primary care practitioners from a fee for service mechanism to a monthly capitated payment.

Primary care in Vermont and in the rest of this country is in trouble.

We are facing a growing need for primary care yet the workforce is shrinking.

Primary care has become a less attractive choice for medical students and our workforce is aging.

Primary care practitioners face mountains of administrative tasks associated with dealing with multiple payers in a fee-for-service payment system.

In Vermont in the year 2000, 9% of all primary care physicians were over age 60. By 2010, 21% were over age 60. For General internal medicine physicians, 26% were over age 60 in 2010.

http://www.uvm.edu/medicine/ahec/documents/AHEC2013PCReport2014_01_28.pdf
<https://www.uvm.edu/medicine/ahec/documents/AHEC2011PCREPORT.pdf>

Estimates are that by 2030 Vermont will need 119 primary care practitioners.

<http://www.graham-center.org/content/dam/rgc/documents/maps-data-tools/state-collections/workforce-projections/Vermont.pdf>

This is a nationwide problem and we are competing with other states for candidates, so it is essential we make primary care in Vermont a more attractive choice.

The study is estimated to cost up to \$200 thousand. That is an infinitesimally small fraction (.0004) of what we will spend on health care this year. If it leads to serious consideration of the primary care proposal it will have been worth every penny.
\$ 600K/hour Time of my testimony we will have spent \$200,000 in Vermont.

I would encourage the committee to consider separately the analysis of the cost of universal primary care from the assessment of the cost of the publicly financing the entire health care system (the whole thing) as there is a need to:

Do it first because it can be done fast . The larger study of how to fund the entire health care system can be done over time.

Second reason is we need it to be done by October to get it ready for the next legislative session.

Other references:

1) Underinsured ACA enrollees strain community health centers

http://www.modernhealthcare.com/article/20140925/NEWS/309259947&utm_source=AltURL&utm_medium=email&utm_campaign=am&AllowView=VXQ0UnpwZTVBL2FiL1IzSkUvSHRIRU9nalVrZEErSmE=?mh

2) 2014 Vermont Household Health Insurance Survey Initial Findings

<http://governor.vermont.gov/sites/governor/files/2014%20VHHIS%20Initial%20Findings%20Presentation.pdf>