

4/20/2015

Dear Members of the Senate Committee on Health & Welfare,

Thank you for allowing me the opportunity to come testify in front of your committee regarding Section 15 of Senate Bill 135. I have enclosed a copy of my testimony for the committee, as requested.

While many who testified after me on the issue said that it would be wise for the legislature to allow the Green Mountain Care Board to devise a solution to the issue of discriminatory reimbursement for professional services provided by physicians, I must re-iterate that while we are strongly in favor of the reform path that the GMCB is pursuing, we do not believe that legislation which would serve to equalize reimbursement rates, would impair the march towards payment reform.

In fact, we believe that such legislation is squarely in line with the 'Payment Principles' outlined by the GMCB. These are that payment be: 1) Fair 2) Reasonable 3) Transparent 4) Logical 5) Related to Cost and 6) Not necessarily equal. Reimbursement or pay equity legislation, such as we are advocating for, obviously coheres directly with the first five principles as outlined. With regards to the sixth principle, the language in Section 15 currently allows for differential payments based on participation in quality or value-based payment programs, which could result in unequal payment to providers. The scope of the legislation, as currently written, is also limited to professional fees, which again allows for unequal total payments to providers through separately identifiable revenue streams - facility fees, graduate medical education payments, and disproportionate share payments, among others.

What we are attempting to guard against with legislation this session is 1) the very real possibility that the GMCB is not able to implement total-package payment reform within the next few years, and 2) the possibility that, currently, fees for professional services, which Vermonters are paying, are unnecessarily high due to the healthcare market dynamics that have evolved in this state: we have one commercial payer with nearly 80% market share and one single provider with 50% share of the hospital services market. These market dynamics serve to squeeze out the smaller, independent providers on which this state has always depended.

While I do not want to identify our physician members who prefer to remain private, I can name at least four independent specialty care and four independent primary care providers who are seriously contemplating closing their businesses, selling to the dominant hospital group (which significantly increases costs to the system), or leaving the state (where the market is stronger and reimbursements are more competitive) within this calendar year. I mention this to underscore how critical we believe it is that this issue be addressed now, through the legislation you have in front of you. When our small, independent practices are dissolved Vermonters are the ones who pay; either by receiving diminished access to services and/or paying higher costs for what remains.

Respectfully,

Amy Cooper  
Executive Director, *Healthfirst*