
House Committee on Health Care
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Introduction to Independent Doctors

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VT's Independent Physicians Association

What are Independent Physicians?

- Doctors working at small physician-owned practices; not Hospital-employed, not employed by FQHCs
- Some work as solo practitioners; many work in small group practices of between 2 – 8 physicians
- HealthFirst represents more than 250 Practitioners, including MDs, DOs, NPs, PAs and RNs working at physician-owned practices
 - ✧ 28 primary care sites and 23 specialty fields
 - ✧ Members in 10 counties: Addison, Bennington, Chittenden, Franklin, Lamoille, Orange, Rutland, Washington, Windham, and Windsor

Why do Vermonters Care?

- The experience of care at a small, community-based, physician-owned practices is different
 - ✧ More personal
 - ✧ Friendlier
 - ✧ Less costly
- Support for small physician practices whose doctors are known and appreciated by members of the local community is a Vermont tradition
- Small practices are nimble, flexible, and innovative

How many independent docs are there?

- HealthFirst has approximately 140 independent physician members
- We estimate that between **15 – 25%** of Vermont's physicians are in independent practice
- Nationally, studies estimate between **33 - 50%** of physicians are in independent practice*

* Sources: Accenture, JAMA 2014

What are the recent trends?

1) Consolidation

- ✧ Nationally, hospital mergers and hospital employment of physicians has increased significantly over the past 5 – 10 years
- ✧ In Vermont, the same has happened

2) Physicians leaving Vermont

- ✧ HealthFirst lost 20 members from 2015 – 2016
- ✧ 4 pediatricians left the St. Albans area in Dec 2015
- ✧ Several specialists have recently left private practice or hospital-employment in VT to move to other states, leading to longer waits and limited access

What's driving these trends?

1) Increasing Administrative Burden

2) Widening Payment Differentials

- Small practices have NO ABILITY to charge commercial insurers higher rates to offset costs; commercial reimbursements remain about the same year over year
- However, providers with more leverage and negotiating power command higher rates each year, leading to widening payment differentials

3) Medicaid Expanded Coverage, and then sharply Reduced Physician Payments

- In 2013 and 2014 the percentage of Vermonters with Medicaid Insurance expanded considerably
- In 2015, Medicaid cut payment rates to primary care physicians by nearly 20%, forcing many independent practices, particularly pediatric practices, to become employed or close down



Why Maintaining Access to Independent Doctors is Good for Vermonters

- Independent practices have demonstrated high quality and the ability to keep overall cost of patient care at low*
- Patients must have options for care -- health care services are personal, tailored services unique to different individuals
- To retain physicians in Vermont and attract new physicians in the future, we must protect independent practice as a viable practice option

* Sources: New England Journal of Medicine 2016 , JAMA 2014

The Long View

- Fact: Patients in countries with lower-cost, universal-coverage health systems access most of their outpatient care through independent physicians
- Examples:
 - ✧ France
 - ✧ 70% of primary care and 50% of specialists are self-employed
 - ✧ Germany
 - ✧ Almost all outpatient doctors work in private practice
 - ✧ 50% of doctors in primary care, 75% of patients access same day or next day appointments
 - ✧ Canada
 - ✧ The majority of primary care physicians are self-employed*

* Source: International HC Systems, Healthcare Triage – Aaron Carroll, MD

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