

Green Mountain Care Board
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To: Senate Finance Committee
From: Kevin Mullin, Chair
Date: April 24, 2018
Re: Testimony notes on ACO amendment proposed April 20, 2018 by David Mickenberg on behalf of Health First

We do not support the ACO amendment proposed by David Mickenberg on behalf of Health First. We support inclusion of independent providers in ACO governance and would like to see the ACO encourage more independents to join the ACO. The All-Payer ACO Model is based on the premise of provider-led reform so we would encourage the ACO to work closely with all types of providers to implement a system of value-based reimbursement that ensures high quality, low cost care for all Vermonters.

Additional points:

- Nationally, independent providers report earning higher salaries than employed providers.
- According to the GMCB survey of VT providers, commercial reimbursement rates are not the primary reason for providers to choose employment in hospitals. Nor is morale any different between employed and independent providers.
- Administrative burden is the largest stressor among all types of providers. We have encouraged the ACO to look for ways to reduce administrative burden as a way to entice more independent providers into the ACO. We would also encourage the legislature to do the same by eliminating prior authorizations as evidence suggests the benefits do not outweigh the costs.
- We agree that reimbursement should not be based on practice ownership type or bargaining power, but reimbursements should reflect additional costs associated with emergency standby capacity, higher acuity, and/or higher overhead.
- It should be noted that there are federally mandated differences in reimbursements that should be considered (e.g., FQHCs, Critical Access hospitals).

What the Board has done to address fair and equitable reimbursement:

- Evidence suggests that the pay differential is largely between AMC and the independents, so in its 2018 budget orders, the Board required that UVMHC reallocate an \$11.3 million proposed reduction in professional fees to site neutral services (~300 E/M codes in both primary and



specialty care) in order to close the gap. As a result, UVMMC “estimated the gap in reimbursement levels is reduced to approximately 10%.”

- BCBS confirmed that the Board’s adjustment reduced the reimbursement differential by 34% for key E/M services and that consumers “will no longer be surprised by dramatically different reimbursement for the same fundamental healthcare practices.”
- In the 2018 QHP filings, the Board ordered reductions in the medical trend with the intention that the reduction would come from negotiating rates downward to promote parity in reimbursements and reflect actual cost of care rather than site of service.
- The GMCB gave conditional approval of the ACO budget contingent upon the following: OneCare must submit a payment differential report that describes its Comprehensive Payment Reform Pilot’s payment methodology and analyzes how the capitated payments for primary care services under its program compare to the payments hospitals make to primary care providers that are not participating in the pilot. The report must also address how the Comprehensive Payment Reform pilot reduces administrative burden for PC providers.
- The Board recommended that physician practices newly acquired by the academic medical center should not be allowed to switch to the (generally higher) academic medical center fee schedule but must remain on the (generally lower) community fee schedule upon their acquisition. This recommendation aligns with 2017 adjustments to Medicare provider reimbursements and was supported by the University of Vermont Medical Center (UVMMC 4/27/17, <http://gmcboard.vermont.gov/sites/gmcb/files/UVMHN%20presentation%20on%20fair%20and%20equitable%20payments%20%204-27-17.pdf>).

Board materials are available here:

<http://gmcboard.vermont.gov/publications/legislative-reports/provider-reimbursement-reports>

One Care ACO Budget Order is available here:

<http://gmcboard.vermont.gov/sites/gmcb/files/FY18%20ACO%20Budget%20Order%20OneCare%20Vermont.pdf>

