Planned Parenthood® of Northern New England

My name is Meagan Gallagher; I am the President & CEO of Planned Parenthood of Northern New England. I am here to testify on PPNNE's request for a $65k full year Budget Adjustment to create parity among providers in the implementation of Act 120, the Access to Birth Control Law. To provide broader context for this issue, I will also describe related reimbursement issues. Thank you for the opportunity.

Section 2 of the Act, Value Based Payments for Long Acting Reversible Contraceptives (LARCs), states that The Department of Vermont Health Access shall establish and implement value-based payments to health care providers for the insertion and removal of LARCs. The payments shall reflect the high efficacy rate of LARCs in reducing unintended pregnancies and the correlating decrease in costs to the State as a result of fewer unintended pregnancies. The payments shall create parity between the fees for insertion and removal of LARCS and those for oral contraceptives.

DVHA implemented this part of the law by increasing LARC device reimbursement 20%. This does not create parity between reimbursement for oral contraceptives and LARCs. Over the period of time that a LARC is effective, reimbursement for pills continues to be higher than reimbursement for LARCs. For instance, Medicaid reimbursement for the most common IUD at PPNNE is $371 while reimbursement for pills over the same time period is $469. This reimbursement structure does not reflect LARCs' high efficacy rate and crucial role in reducing unintended pregnancies.

Additionally, DVHA's approach to implementation of the Value Based Payment as a percentage increase of LARC device reimbursement results in different Value Based Payment for different providers. Providers who are reimbursed on the Medicaid fee schedule get 20% of the fee schedule. PPNNE is eligible for the 340b Discount Drug program and is reimbursed at a rate below the Medicaid fee schedule. PPNNE's Value Based Payment is 20% of that lower rate. We believe PPNNE should be eligible for the same Value Based Payment as other providers as we are doing the same or more work to increase access to LARCs.

PPNNE has struggled with LARC reimbursement for many years. PPNNE had been purchasing LARCs through the 340b Discount Drug program long before DVHA implemented its 340b policy in 2010. Prior to implementation of DVHA's 340b policy, PPNNE got 100% of the savings associated with the 340b program. When DVHA implemented their 340B policy in 2010, PPNNE's portion of the savings decreased from 100% to 10% ($275k annual loss of revenue) and was ultimately increased to 40% with a dispensing fee (decreasing the annual revenue loss to $190k) in 2014. This decrease in revenue resulted in reduced health center hours and decreased access.

One final point is that DVHA is in the process of implementing a change called the Outpatient Drug Rule for the 340b program. This rule will result in cost based billing for drugs and would conflict with and further decrease PPNNE's LARC reimbursement structure. PPNNE believes that physician administered drugs, such as LARCs, can be carved out from the Outpatient Drug Rule. DVHA is confirming this with CMS. I hope we are able to carve LARCs out of the Rule to avoid further discussion about PPNNE's reimbursement for LARCs.

The $65k requested increase moves toward addressing contraceptive equity and achieves parity for the Value Based payment despite the fact that PPNNE's reimbursement for LARCs will still be lower than it

was before DVHA implemented its 340b program. This increase will help mitigate the impact of the reduced reimbursement and enable PPNNE to move toward expanding access so we can build on the 77% increase in LARC utilization that we have seen since 2013.

Thank you again for the opportunity to present this testimony.

Respectfully submitted,

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