

Date: March 10, 2022
To: Senate Health & Welfare Committee
From: Susan Ridzon, HealthFirst Executive Director
Re: S.285, draft 3.1



Dear Chair Lyons and members of the Senate Health and Welfare Committee,

HealthFirst appreciates the recent thoughtful discussion and testimony on S.285. I am writing to give the perspective of independent practices on the concepts outlined in S.285. As our independent primary care practices see an estimated 81,000 Vermonters, we are happy to and expect to participate fully in the development of a globally budgeted health care system.

Global payments: We generally support the concept of global payments particularly if it's done in a manner that moves Vermont to a system that recognizes and supports **high value** care. We believe it's important that the amount of global payments be determined based on actual cost of services, without historical inefficiencies, disparities, or overpricing "baked in". Payments would reflect equal pay for equal work and would not vary by practice site. We also generally support global payments using reference-based pricing, such as paying a percentage of Medicare. This would help to level the playing field and would bring transparency, fairness, and affordability to the system. It would also encourage high value care as providers would need to optimize efficiency to function with potentially thinner margins.

Sec 1 (a)(1)(C)(2): We recommend that as the Board assesses the impact of current regulatory processes on the financial sustainability of Vermont hospitals that they also consider the impact of these processes on non-hospital entities in the health care system. There are often negative consequences, perhaps unintended, because of the Board's decisions and processes involving hospitals. For example, as the Board increases UVMHC's budget each year, the downstream effect on independent and other community-based providers is stagnant rates by commercial payers. Commercial payers report that because they must continually increase payment to hospitals, there is nothing left for other provider types even though they also face ever increasing costs. Stagnant reimbursement rates in the face of increased costs to run a medical practice is unsustainable and ultimately leads to practice closures. We've lost 12 independent practices in the last few years due to this fact. As a result, Vermonters lose choice and access to some of the highest value providers we have. The Certificate of Need (CON) process has similar effects on Vermonters' access to high value healthcare. The CON process is expensive and onerous which deters "the little guy" who doesn't have deep pockets from adding services that will improve Vermonters' access to affordable care.

Sec 1 (a)(1)(C)(3): We recommend that any methodology for determining the allowable rate of growth in Vermont hospital budgets also allows for reasonable growth for non-hospital entities. As described in the previous section, these entities face enormous financial pressures yet seldom see commensurate increases. This is negatively affecting the sustainability of high value community providers.

Sec 2: We support an inclusive community engagement strategy that includes Vermont employers, consumers, and health care professionals at all levels of the health care industry workforce. We also support efforts to assess the impact of and to strengthen primary care as part of the redesign efforts. We believe that a strong primary care system, that includes a diverse array of provider types such as independent, FQHC and hospital-based, is essential to creating and sustaining a high value, affordable and accessible health care system.

Sec 6 & 7: We support increased spending on primary care in part by increasing Blueprint for Health funding for community health teams and quality improvement facilitators. The Blueprint for Health program has helped our participating practices to offer social work and other services that support the provision of holistic, patient-centered care. Quality improvement facilitators have supported practices' efforts to shift to value-based care with an eye toward continuous quality improvement. Practices also appreciate Blueprint's payer-agnostic focus.

I am happy to answer any questions or discuss further.

Sincerely,

Susan Ridzon
Executive Director
HealthFirst

About HealthFirst

HealthFirst is Vermont's independent practice association representing 62 physician-owned primary care and specialty practices located across ten counties in Vermont. We estimate that approximately 85-90% of the independent practices in Vermont are HealthFirst members.