



To: Senate Committee on Health & Welfare
From: Jessa Barnard, Vermont Medical Society
Date: April 7, 2021
RE: Sustainability of Primary Care Practices

Thank you for hearing from the Vermont Medical Society, primary care physicians representing the Vermont Academy of Family Physicians and American Academy of Pediatrics-Vermont Chapter and HealthFirst this morning. The Vermont Medical Society represents over 2400 physicians and physician assistants from all practice settings and specialties. While COVID is stressing already thin margins at many healthcare practices, not only primary in care, the sustainability of primary care is at the very core of what we want Vermont's health care system to look like into the future. How we invest in and support primary care is fundamental to whether we will be able to meet Vermont's goals set in the All Payer Model of increasing access to primary care, reducing deaths from suicide and drug overdose, and lowering the prevalence of chronic disease.

VMS and Health First have been raising concerns regarding the sustainability of primary care for several years with the legislature, DVHA and the Green Mountain Care Board. In fact, the Rural Health Care Task Force report issued in January 2020 focused an entire section on provider financial stability. Providers recommended within that report restoring cuts to Medicaid vaccine administration fees and primary care case management fees (PCCM). See the [excerpts from the Rural Health Services Taskforce Report](#) discussing declining revenues and increasing operating expenses facing health care providers in Vermont and recommendations on slide 51 for addressing these concerns.

COVID-19 has placed primary care under additional pressure between higher costs for labor and supplies; a decline in visits as Vermonters stayed home and put off routine care; and higher demand for services that are not paid for such as screening for COVID testing needs and vaccine advice. Telemedicine has been a lifeline for both practice sustainability and patient access to care, yet it has not filled the gaps entirely. Vermont's experience is mirrored in national data. National reports show:

- 81% of physicians surveyed nationally in mid-2020 reported that revenue was still lower than pre-pandemic. Telehealth services did not offset reduced in-person patient visits: **average total visits including telehealth fell from 101 to 72 per week.** Federal financial relief early in the pandemic was helpful and appreciated but the core revenue issues these programs were intended to address remain.¹
- Medicare Physician Fee Schedule (MPFS) spending nationally dropped 19% during the first half of 2020; **Vermont saw one of the largest drops of 24% or approximately \$20 million.**²
- **As of mid-2020, 8 percent of physicians nationally had closed their practices as a result of COVID-19.** 22 percent of those were in primary care; the majority (76 percent) were private practice owners or partners, while 24 percent were employed by a hospital or medical group.³

¹ *AMA Physician Practice Financial Impact Survey Results*; <https://www.ama-assn.org/system/files/2020-10/covid-19-physician-practice-financial-impact-survey-results.pdf>

² *AMA Report: Changes in Medicare Physician Spending During the COVID-19 Pandemic*, <https://www.ama-assn.org/system/files/2021-03/prp-covid-19-medicare-physician-spending.pdf>

³ *The Physicians Foundation's 2020 Survey of America's Physicians*; <https://physiciansfoundation.org/wp-content/uploads/2020/08/20-1278-Merritt-Hawkins-2020-Physicians-Foundation-Survey.6.pdf>

This last report concludes: “COVID-19 has imposed severe economic strains on many private practices that may not be as equipped to sustain them On top of the many administrative, reimbursement and compliance challenges private practice physicians face, the pandemic may represent “a bridge too far” for many....”

At a time when Vermont is receiving unprecedented Federal Medical Assistance Percentage (FMAP) for Medicaid and American Rescue Plan Act funds there is more the state can do to sustain all primary care practices.

What Vermont Can do to Sustain Vermont Primary Care Practices

- Financial
 - Increase Medicaid RBRVS Fee Schedule for primary care codes to 105% of Medicare
 - Increases must more than compensate for cuts in primary care case management fee (FY2019); reductions in vaccination administration rates (2017-2019); and reductions to primary care visit rates in the 2020-21 fee schedule. (Note that alternative and ACO payments are still largely built off of underlying fee for service rates.)
 - Reopen DVHA’s Health Care Provider Stabilization Grants
 - Prior rounds only available to address qualifying expenses through December 30, 2020; overlapped with when many practices qualified for PPP loans or CARES ACT Medicare Provider Relief Funds
 - ARPA includes direct funds for “rural health care providers” but no guidance/details yet on who is eligible and how to apply/qualify
 - American Rescue Plan Act funds dedicated to primary care Innovation Grants
 - One-time grants that could be used to fund practice transformation towards value-based care, adoption of telemedicine, or other primary care practice redesign efforts
 - Reduce administrative burdens
 - Watch for Act 140 gold card pilot programs (to be implemented by 1/22) and reports on prior authorization (by 1/22) and gold card programs (by 1/23)
 - Expand to all payers DVHA’s prior authorization waiver program that waives most prior authorizations for practices participating in OneCare
 - Continue discussions with OneCare regarding expanding options for supporting primary care (e.g. revisiting down side risk model; expanding comprehensive primary care program; exploring payer-specific options)
- Workforce
 - Support ongoing funding for new primary care scholarships (included in H. 439)
 - Increase funding for Vermont’s loan forgiveness programs
 - Funding for new/expanded family practice residency program slots

Thank you for your attention to this issue and please let any of us know if we can provide you with further information on any of these topics.