

To: House Health Care Committee
 From: Jessa Barnard, Vermont Medical Society, jbarnard@vtmd.org
 Date: February 6, 2024
 RE: Medicaid RBRVS Fee Schedule Request

The Vermont Medical Society, Vermont Academy of Family Physicians and American Academy of Pediatrics Vermont Chapter submit these comments regarding the Medicaid RBRVS (professional services) fee schedule. **We write to request a positive inflationary adjustment in the Medicaid RBRVS fee schedule in the SFY2025 Budget over 2023 rates that at least equals the Medicare Economic Index of 4.6%.¹**

The DVHA Resource Based Relative Value Scale fee schedule applies to professional services provided by physicians and other clinicians. DVHA currently pays at an enhanced rate for certain primary care services provided by clinicians who attest to being primary care clinicians.² Last session, the legislature directed that primary care rates within the RBRVS fee schedule be set to 110% of Medicare Rates and directed a 3.8% inflationary increase to specialty services, which are reimbursed at around 85% of Medicare.³

Medicaid’s RBRVS Fee Schedule is Based on a Flawed Medicare Formula

As our organizations have noted in comments to DVHA and the legislature for several years in a row, DVHA’s practice of tying RBRVS reimbursement rates to the federal Medicare Physician Fee Schedule (PFS), has the drawback of linking Medicaid payments to federal payments over which Vermont has no control. For example, on January 1, 2024, the RBRVS fee schedule was decreased by approximately \$96,000 dollars due to matching some of the changes in the January 1, 2024 Medicare Physician Fee Schedule.^{4, 5} Medicare’s Physician Fee Schedule was also cut by 3.4% on January 1, 2024. This also means that **absent Vermont legislative action in the State Fiscal Year 2025 budget, the RBRVS fee schedule would not only lack an inflationary adjustment but would be cut by 3.4% when DVHA implements the remaining 2024 Medicare changes.**

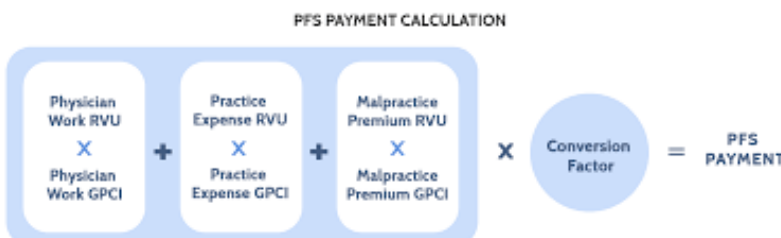
¹ <https://www.cms.gov/data-research/statistics-trends-and-reports/medicare-program-rates-statistics/market-basket-data> (See “Actual Regulation Market Basket Updates,” Box 63, Z)

² <https://www.vtmedicaid.com/assets/provEnroll/EPCPAAttestForm.pdf>

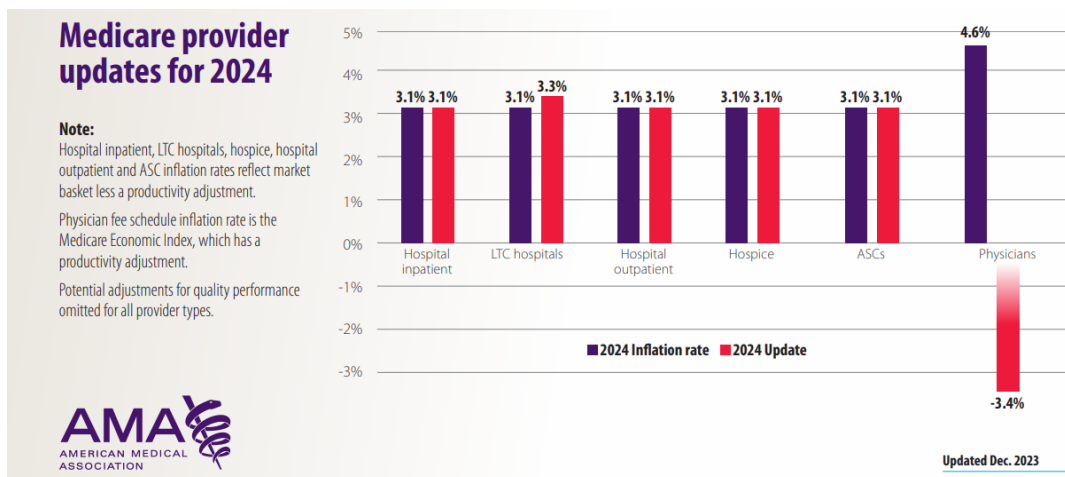
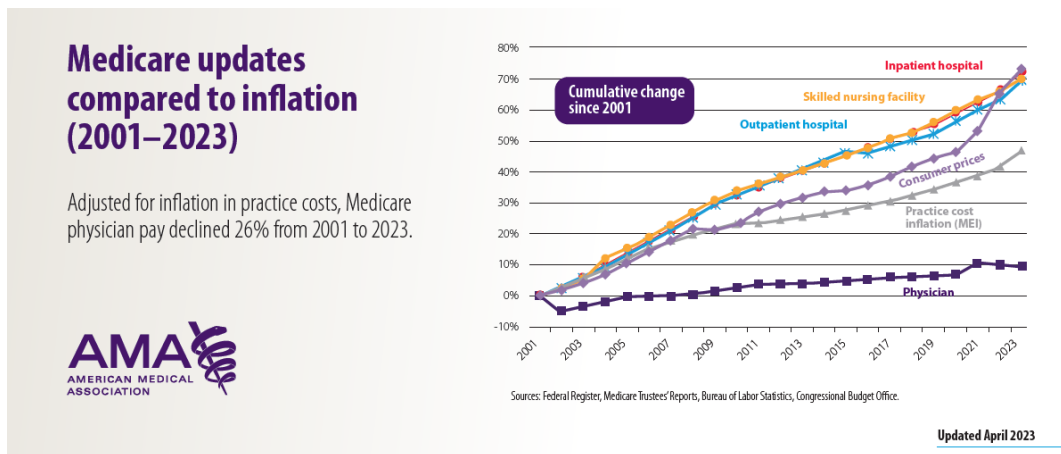
³ https://lifo.vermont.gov/assets/Uploads/cb80a3266e/GENERAL-367707-v1A-FY24_Provider_Rate_Increases.pdf

⁴ <https://humanservices.vermont.gov/sites/ahsnew/files/documents/23-155-P-GCR-RBRVS-Rates-CY2024.pdf>

⁵ Medicare (and Medicaid) Rates are determined by a formula that multiplies work and practice expenses (RVUs) by geographic adjustments (GPCIs) and then by a dollar “conversion factor” to get the dollar amount paid for a service.



While basing the RBRVS fee schedule on the Medicare PFS imports consistency into fee schedule updates, such as Medicare’s changes to how specific billing codes are valued, Medicare’s fee schedule process is flawed. The Medicare PFS is the only Medicare fee schedule that does not receive an inflationary adjustment. Adjusted for inflation, this means that Medicare payments under this fee schedule have declined 26% from 2001 to 2023. This also means that absent Vermont legislative or administration action in the State Fiscal Year 2025 budget, the RBRVS fee schedule would be cut by the 3.4% Medicare fee schedule cut that went into effect on January 1.



Our organizations are working with the American Medical Association and our congressional delegation to advocate to fix the PFS formula – and with DVHA and members of this Committee to look at ways to build inflationary adjustments into the DVHA fee schedule. However, until inflationary adjustments are included in the Medicare formula **our organizations request the RBRVS fee schedule be adjusted based on the 2024 Medicare Economic Index (MEI) inflation factor of 4.6% over current Medicaid rates.** The MEI provides a measure of inflation faced by physicians with respect to their practice costs and general wage levels. It includes a bundle of inputs used in furnishing physicians’ services such as physician’s time, non-physician employees’ compensation, rents and medical equipment.⁶ At a time medical practices are facing unprecedented financial pressure, this is the minimum needed to help practices continue to stay open and serve Medicaid beneficiaries. Thank you for your consideration and please reach out for additional information.

⁶ <https://www.cms.gov/newsroom/fact-sheets/effect-medicare-economic-index-mei-physician-update>