

To: House & Senate Committees on Appropriations
 From: Jessa Barnard, Vermont Medical Society, jbarnard@vtmd.org
 Date: February 20, 2024
 RE: SFY2025 Budget Request – DVHA Professional (RBRVS) Fee Schedule

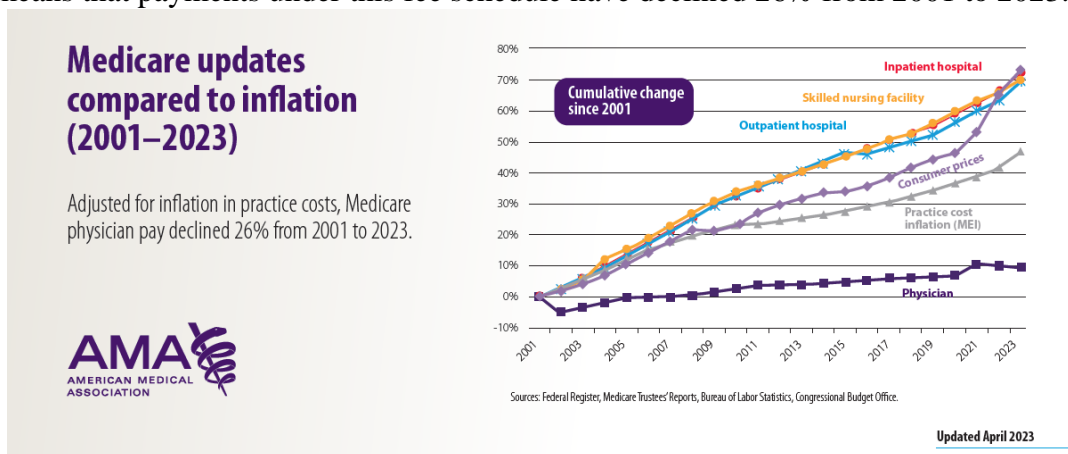
The Vermont Medical Society, Vermont Academy of Family Physicians and American Academy of Pediatrics Vermont Chapter submit these written comments regarding the DVHA’s RBRVS (professional services) fee schedule. **We write to request a positive inflationary adjustment in the Medicaid RBRVS fee schedule 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

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.³ **Absent Vermont legislative action in the State Fiscal Year 2025 budget, due to lack of an inflation factor in the Medicare fee schedule, the RBRVS fee schedule will also lack an inflationary adjustment.**

While basing the RBRVS fee schedule on the Medicare PFS imports consistency into fee schedule updates, 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 payments under this fee schedule have declined 26% from 2001 to 2023.



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

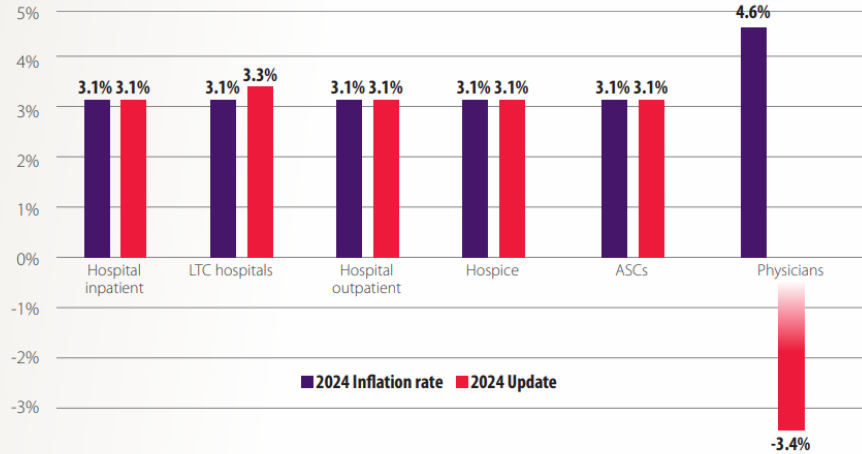
Medicare provider updates for 2024

Note:

Hospital inpatient, LTC hospitals, hospice, hospital outpatient and ASC inflation rates reflect market basket less a productivity adjustment.

Physician fee schedule inflation rate is the Medicare Economic Index, which has a productivity adjustment.

Potential adjustments for quality performance omitted for all provider types.



Updated Dec. 2023

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 the House Health Care Committee to look at ways to avoid mirroring Medicare cuts in 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.⁴ 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.

⁴ <https://www.cms.gov/newsroom/fact-sheets/effect-medicare-economic-index-mei-physician-update>