



House Appropriations Committee

FY27 Funding Request

VMS Deputy Director, Stephanie Winters and VMS Policy Manager, Jill Sudhoff-Guerin

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The Vermont Medical Society (VMS) represents more than 3,100 physicians, physician assistants, and medical students practicing in every region of Vermont. Our mission is to optimize the health of all Vermonters and protect the viability of the care delivery system on which they rely. We are asking the Committee to take decisive action in FY27 to prevent further destabilization of Vermont's primary care infrastructure and workforce pipeline. **The Governor's proposed FY27 budget reductions are not technical adjustments—they are structural hits to access.**

On top of these cuts, the closure of the OneCare Vermont ACO leaves practices without millions in capitated primary care payments, resulting in no bridge funding from January '27-July '27. With no certainty Vermont will join the AHEAD Model in 2028, practices are facing no future capitated primary care payments. Without legislative correction, Vermont will see practice closures, workforce contraction, and widening gaps in rural and underserved communities. Please:

- **Restore the CUT** to DVHA Medicaid Alternative Payment to Primary Care \$4.75 per member per month payment for primary care, **-\$2.01m GF/\$5m gross**
- **Restore the .04% decrease** in the DVHA RBRVS professional fee schedule by providing an inflationary adjustment to the Medicare Economic Index (MEI) by 2.67% - **\$3.31m gross**
- **Restore the CUTS to Vermont's Areas of Health Education Centers (AHEC)** primary care pipeline development, loan repayment and MD placement programs - **\$1,217,111 gross**
- **Repeal the Statutory Sunset for the VT AHEC Scholars Medical Incentive Scholarship Program** - **\$0 requested**

1. Restore the \$4.75 PMPM Medicaid Alternative Payment to Primary Care -Request: \$2.01M GF / \$5M gross

This prospective payment is not optional margin—it is infrastructure funding that sustains care coordination, integrated behavioral health, community health workers, and proactive chronic disease management. Labeling this reduction as “base funding savings” fails to relay the downstream consequences. **Independent practices—particularly in rural Vermont—are already operating on razor-thin margins.** Removing this payment destabilizes care models that have taken years to build. Loss of this funding will: accelerate independent practice closures, increase emergency department

utilization, undermine Blueprint and value-based reform investments, and reduce access for Medicaid beneficiaries.

As Toby Sadkin, M.D., Chair of Primary Care Health Partners, says, *“The loss of this (the ACO) payment reform program has left independent primary care practices facing serious challenges. Without ongoing mitigation of these losses, some of our offices may not survive---primary care offices could close, leaving patients without access to primary care and leaving our employees without jobs or health insurance.”*

2. Provide a 2.67% Inflationary Adjustment to Medicaid RBRVS -Request: \$3.31M gross

DVHA’s decision to hold Medicaid’s RBRVS fee schedule neutral—with a slight 0.04% decrease—fails to recognize the inflationary pressures primary care practices are absorbing today, including:

- Rising staffing costs
- Increased medical supply expenses
- Escalating IT and compliance costs
- Higher malpractice premiums
- General inflation exceeding reimbursement growth

Failing to provide an inflationary adjustment effectively compounds underpayment and shifts cost burdens to already strained practices. In order to adequately main access to primary and preventive services we request positive inflationary adjustments in the Medicaid RBRVS fee schedule that at least equal the **Medicare Economic Index - 2.67% in calendar year 2026**. To learn more about how DVHA determines its annual RBRVS fee schedule [click here](#).

3. Restore AHEC Workforce Pipeline & Loan Repayment Funding -Request: \$1,217,111 gross

Vermont faces a documented shortage of 115 primary care clinicians today—with projections of a 370-clinician shortage by 2030. Click here for data. At the same time, the FY27 proposal eliminates core AHEC programs that recruit students into primary care careers; support rural clinical placements; provide loan repayment incentives and facilitate physician placement into shortage areas. Please restore these AHEC grants eliminated in the proposed FY27 budget:

- **\$667,111** Vermont Educational Loan Repayment (ELR) Program for Health Care Professionals, state-based loan repayment program for primary care physicians (MD, DO), APRNs, certified nurse midwives, PAs, nurses, dentists, and NDs;
- **\$500,000** AHEC Support Grant supporting infrastructure and early pipeline health careers programming across Vermont; and
- **\$50,000** MD Placement Grant for Physician Placement services.

RHTP funds cannot supplant these programs, nor can they fund loan repayment. Eliminating AHEC support while facing workforce shortages is fiscally and strategically inconsistent. Workforce pipelines require sustained investment—not stop-start funding cycles. For more AHEC information please read the [VT Health Care Coalition Letter of Support](#).

4. Repeal the Sunset on the VT AHEC Scholars Medical Incentive Scholarship -Request: \$0 in FY27

The statutory sunset of June 30, 2027 threatens to dismantle a program just as it begins to produce results. Repealing the sunset costs nothing in FY27 and preserves a critical rural workforce strategy. To date, **22 scholarships have been awarded** and there is an estimated rollover amount to allow AHEC to grant 11 more awards in FY27 and FY28 with no budget investment this year. Given the length of medical education and residency training, Vermont is only now beginning to see the return on this investment. This is a critical primary care workforce program that will maintain access to care in our underserved areas – **Please repeal the sunset on the VT AHEC Scholars Medical Incentive Scholarship Program.**

All of the above asks are not expansion requests—they are stabilization measures. Failing to act will reduce primary care capacity, worsen workforce shortages, increase downstream healthcare costs, and undermine years of payment and workforce reform. Vermont cannot cut its way to healthcare access. We urge the Committee to restore these investments and protect the state’s primary care foundation.

Thank you for considering our FY27 funding requests. Please contact Jill at jsudhoffguerin@vtmd.org if you have further questions.