

Chair Black and Members of the Committee,

Thank you for the opportunity to speak today about S.197 and the future of primary care in Vermont. At Blue Cross Blue Shield of Vermont, we believe deeply that primary care is the foundation of our health care system. That belief is grounded not only in experience, but in data, outcomes, and the reality that when primary care works, the entire system works better. We are here today aligned with you in both purpose and urgency to modernize primary care, strengthen accountability, and improve affordability for Vermonters. Vermont has built a strong primary care foundation over many years. But we also need to be honest about where the system is today.

- Primary care remains underfunded relative to its role in managing population health
- Payment is still too reliant on fee-for-service, incentivizing volume over value
- Measurement and accountability can be strengthened
- Alignment across payers and programs is not yet where it needs to be

Blue Cross VT is already investing meaningfully in primary care and advancing many of the:

- 67,000 Vermonters served
- \$3.2 million in incentives paid in 2025
- Participation across:
 - 11 independent practices
 - 97 federally qualified health center sites
 - 1,864 providers
- Up to \$6.30 PMPM in value-based incentives
- Average practice receives \$3.46 PMPM

We are aligning incentives around:

- Preventive care
- Chronic disease management
- Reduced total cost of care
- Appropriate utilization

And importantly:

- Most providers face no additional administrative burden
- We leverage existing data systems



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We have also contributed significantly to the broader system:

- \$91M+ invested since 2008
- Approximately \$6M annually
- Support for:
 - Patient-Centered Medical Homes
 - Community Health Teams
 - Data infrastructure and care coordination

The foundation is strong. The next phase must focus on measurement, alignment, and accountability. S.197 creates an opportunity to move from a strong foundation to a modern, sustainable, and accountable model. At the core of this opportunity is a simple but powerful concept: Primary care reimbursement can be organized into three core components:

1. Fixed / Prospective Payments

- Supports:
 - Access
 - Infrastructure
 - Population health management
- Enables:
 - Preventive and non-visit-based care

2. Variable / Value-Based Payments

- Rewards:
 - Quality outcomes
 - Performance
- Already in place through:
 - BCBSVT programs
 - Blueprint initiatives

3. Fee-for-Service

- Supports clinical encounters
- Ensures access
- But should be right-sized within the overall model



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The goal is not to eliminate any one component, but to rebalance how dollars flow across these three buckets to better align with outcomes. If we are going to move toward value-based and prospective models, we must strengthen how we measure success. We see a clear opportunity to build a consistent, statewide measurement framework that includes:

- Preventive care
- Chronic disease management
- Mental health and substance use integration
- Access and patient experience

And importantly:

- Align measures across:
- Medicaid
- Commercial populations

A question has come up about whether we should measure quality and outcomes in primary care or simply increase payment across the board. The reality is that having the same training and license does not mean care is delivered the same way. There is meaningful variation in how primary care is practiced across our system. That variation shows up in:

- How proactively patients are managed
- How well chronic conditions are controlled
- How consistently preventive care is delivered
- How often patients end up in the emergency room or hospital for conditions that could have been managed earlier

Those differences matter. They directly affect both patient outcomes and total cost of care. Simply increasing payment across the board rewards both high- and low-performing care equally. It does not ensure better access, better outcomes, or better use of resources. Measurement and value-based incentives are not about questioning clinical judgment. They are about aligning payment with what we know works for patients:

- Better outcomes
- Better experience
- More efficient use of the health care system

This is how we ensure that increased investment in primary care leads to measurable improvements for Vermonters.



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Next Phase of the Blueprint

- Strengthen outcome measurement and accountability
- Align metrics across payers
- Ensure that investments translate into:
 - Better outcomes
 - Lower costs
 - Improved patient experience

This is about modernizing the Blueprint for the next decade. We also see an opportunity to better align care coordination across the system. Today, there are multiple resources supporting similar populations:

- Community Health Teams
- Payer care management
- Other state-supported programs

Opportunity

- Clarify roles and responsibilities
- Improve patient-level coordination
- Reduce duplication
- Track outcomes more consistently

This is how we ensure that every dollar invested is working as hard as possible. As we move forward with S.197, we believe success should be grounded in:

- Patient-centered care
- Team-based, integrated delivery
- Data-driven improvement
- Access and equity
- Alignment across payers
- Affordability and sustainability

And most importantly: A stronger link between payment and measurable outcomes

Blue Cross VT is committed to:

- Continuing to invest in primary care



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- Partnering with providers, the State, and other payers
- Advancing innovative payment models
- Supporting a system that is both:
 - High quality
 - Financially sustainable

Primary care is where prevention happens. It is where relationships are built. It is where we have the greatest opportunity to improve outcomes and reduce costs.

S.197 gives us a real opportunity to move forward together.

Thank you.



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