Vermont Medical Society

To: Senate Health & Welfare Committee
From: Jessa Barnard, Vermont Medical Society, jbarnard@vtmd.org
Date: February 19, 2025
RE: Senate Health & Welfare Health Care Reform Committee Bill

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Good morning and thank you for the invitation to testify regarding your committee bill on health care reform. I am the Executive Director of the Vermont Medical Society, Vermont's largest physician and physician assistant membership association, representing approximately 3100 physicians and PAs from around the state, both primary care and specialists, and at all practice settings.

VMS supports the broad goal of the bill to continue to move Vermont forward with achieving high-quality, cost-effective care. That goal is not possible without sustained support for primary care services. The 2025 Primary Care Scorecard released yesterday by the Milbank Fund finds that "Primary care, when achieving its full potential, has the capacity to enhance life expectancy, improve health outcomes, and lower health care costs. [Yet] persistent challenges in primary care arise from insufficient investment (or in the case of training, misplaced investment) and a fee-for-service (FFS) payment model that rewards volume rather than continuous, whole-person care."

Vermont has arguably made more progress than any other state in supporting multi-payer primary care payment reform. However, there is a cliff facing primary care in 2026 that cannot be ignored as we discuss health care reform - Vermont has signed an agreement to enter the AHEAD Model in 2027 and the All-Payer Model and OneCare Vermont come to an end at the end of 2025. Any plan to support primary care in Vermont needs to take into account the fact that this leaves primary care practices with gaping funding and programmatic holes for calendar year 2026, including:

- **A $5,514,308 primary care funding gap due** to the loss of Population Health Model (PHM) Program funding for all OneCare Participating primary care practices and the Comprehensive Payment Reform independent primary care prospective payment program (this reflects one state fiscal year or ½ of the calendar year of lost funds).

- **$10.8 million in lost payments to Blueprint for Health** Community Health Teams, Patient Centered Medical Homes and the SASH program. The Governor has proposed funding this in his SFY2026 budget ask – VMS supports that proposal.

- **Need for primary care to implement "MIPS."** Medicare's Merit-based Incentive Payment System or MIPS ties Medicare payments to clinicians' individual or group practice quality and cost scores. Participating in OneCare Vermont has led to an exemption from MIPS but this exemption goes away for 2026 and it is unclear what the

status will be under AHEAD for 2027. According to analyses, MIPS is costly, administratively burdensome, exacerbates health inequities, and hurts rural and independent practices. By one estimate, compliance with MIPS costs $12,800 per physician per year and physicians spend 53 hours per year on MIPS-related tasks. VMS supports efforts by AHS, working with the Blueprint and Rural Health Redesign Center, to educate and support practices in coming into compliance with MIPS, and ensuring as much alignment with AHEAD as possible.

In addition to the gap before joining AHEAD, primary care in Vermont faces other significant losses in SF2026:

- **End of the Blueprint for Health Pilot Expansion Program that invested Medicaid dollars in expanded Community Health Team staff** at primary care practices to assist with mental health, SUD and social determinant of health needs and supported the DULCE program. The Governor's budget has recommended allowing carry over funding to be used for the pilot for a third year, but it is unclear how much funding remains. This invested over $10 million state and federal funds per year in support for primary care.

- **Sunset of the Medical Student Incentive Scholarship.** Program provides scholarships for up to 10 third- and fourth-year UVM medical students practicing primary care outside of Chittenden County. To date 22 scholarships have been awarded. The program is scheduled to sunset July 1, 2027. We ask the legislature to remove the 2027 sunset and invest $500,000 per year for this vital recruitment and retention tool.

- **Funding needed to start the Maple Mountain Consortium family medicine residency program** – a new primary care pipeline that will train 4 family medicine trainees per year between Gifford and Lamoille Health Partners/Copley Hospital. $4.06 million total is needed in one-time funding over SFY2026-2028 to start the program, likely matchable by Global Commitment.

As we look beyond 2026, planning needs to be thoughtful, creative and forward thinking. VMS has already received reports of physicians turning down jobs in Vermont due to the headlines of crisis and instability. While we are facing challenges, Vermont has a history of innovative approaches to health care reform that we can learn and build from. We have the Act 167 Report and transformation work underway with hospitals, primary care and communities now led by AHS and the Rural Health Redesign Center and we are on the path to AHEAD in 2027 –and we want to make sure these efforts are coordinated and aligned with the proposal in the bill.

Some specific points of feedback on the proposal:

- **Part 1**: VMS does support one integrated vision for the future of Vermont's health care system. It is critical that the plan is informed by both AHS and the GMCB, given AHS's broad role with much of the health care system outside of hospitals. We do seek clarification regarding how this plan differs from the feasibility planning being led by AHS's Office of Health Care Reform to evaluate the recommendations of the Oliver Wyman Report and aligns with the transformation work already moving forward at AHS.
- **Part 2**: VMS does strongly support input from the health care community, especially practicing health care professionals, regarding the future of our health care system. VMS strongly supports the plans for a transformation advisory group within the Office of Health Care Reform and seeks clarification regarding how these efforts align.

- **Part 4**:
    - VMS has questions regarding the feasibility of implementing reference based pricing for non-hospital services. It is unclear the range of services this could include – independent primary care and specialty care practices? Dental care? Mental health care? How would information be gathered regarding their existing rates and a benchmark set for what to set rates to?
    - VMS does support a target of spending for primary care. Our full testimony in support of this idea can be found in reference to S. 151 from 2024 here. We do believe it is important for AHS to be named as part of this work. A primary care spend target is part of the AHEAD Model.
    - Payment for clinical services – it is unclear what is intended with developing payment models beyond reference based pricing, global budgets and total costs of care referenced in the outline.
- **Part 5**: VMS has concerns with investing significantly in policy and regulatory staffing when direct services are struggling every day and primary care practices are closing sites around the State. We ask the legislature to first direct any available funding to care delivery rather than building administrative infrastructure; then look to redeploying staff and funding that was being used to oversee the All Payer Model.

Thank you for considering our feedback on your draft Committee bill. We look forward to working with the Committee as you continue your work on the proposal. Please don't hesitate to reach out with any questions to jbarnard@vtmd.org.