The Legislative Bulletin

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Congress passes SGR legislation to prevent 24-percent Medicare payment cut

On March 31st, the U.S. Senate passed H.R.4302, the "Protecting Access to Medicare Act of 2014," and sent the bill to President Obama for his signature. VMS joined with numerous other physician organizations in asking instead for the passage of legislation that would permanently repeal SGR and end the pattern of short-term remedies.

Among its many provisions, H.R. 4302 repeals the current 24-percent cut in reimbursements for physicians treating Medicare patients set to take effect on April 1, 2014, and replaces it with a 0.5 percent update through Dec. 31, 2014 and a zero-percent update from Jan. 1, 2015 through March 31, 2015. The bill also delays for one year the transition from ICD-9 to ICD-10 under the Medicare program.

In addition, the bill includes a longstanding priority for the VMS as it extends the Medicare Geographic Cost Price Index (GPCI) floor through March 31, 2015. The GPCI work RVU floor of 1.000 [as part of the geographic adjustment to the RBRVS] was set to expire on March 31, 2014, and if no action had been taken by Congress to extend the floor it would have reverted to 0.9770. This would have resulted in a payment cut to Vermont physicians of approximately $1.4 million.

The bill provides funding for maternal infant and early child home visiting program and the development of pediatric quality measures. H.R. 4302 establishes a skilled nursing facility (SNF) value based purchasing program by Oct. 1, 2019 and it establishes CT equipment standards for purposes of payment under the Medicare program in order to protect the health and welfare of beneficiaries. It also suspends audits for hospitals in determining inpatient and outpatient status, called the "two midnights" rule through March 2015.

It uses $2.3 billion in funding set aside by the Bipartisan Budget Act; allows the Secretary of Health and Human Services to use information received from medical providers and other sources to adjust code pricing to address mis-valued codes used under the Medicare Physician Fee Schedule, and addresses GPCI payment locality irregularities.

Senate approves 2014 session's health care reform bill, S. 252

On March 28, the Vermont Senate voted to approve S.252 and send it to the House for its consideration. The bill seeks to update the Act 48-related assumptions and cost estimates that will form the basis for the General Assembly's efforts to enact a publicly financed health care system during the 2015-2016 legislative session.

While the bill mainly focuses on a number of health care reform-related studies, it codifies current state policy and it allows small employers to purchase their health insurance plans directly from health insurance companies instead of having to purchase insurance through the problem-plagued health benefit exchange. The bill expands the reach of the existing employer assessment language to include employers that offer health insurance, but who employ Vermonters enrolled in Medicaid.

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SFY 2015 Budget approved by House Appropriations includes 0.75-percent Medicaid reimbursement increase

The House Appropriations Committee has approved a FY 2015 budget that includes a 0.75-percent Medicaid reimbursement increase, beginning in January of 2015. The budget differs from the Shumlin Administration's proposed budget, which called for a 2-percent increase for half of the 2015 fiscal year.

The administration also proposed a $14 million increase in the tax on insurance claims, a fee assessed on every insurance transaction. The legislature was unwilling to approve this increased claims tax, and instead reduced spending in the budget and raised the amount needed to close the remaining budget gap by increasing the tax on tobacco products, such as snuff, which will raise $700,000, and agreeing to a new wholesale tax on tax e-cigarettes, which will raise $500,000 per year.

The purpose of the Medicaid increase is to reduce the cost shift and lower private insurance costs. A 2012 report found that commercial insurers paid 137 percent of Medicare for health care professional services, while Medicaid paid 76 percent of Medicare and 55 percent of commercial payments for professional services. Last year, the Department of Vermont Health Access budget included a three-percent Medicaid reimbursement increase. The increase became effective in November of 2013, and was applied to remove a 2 percent reimbursement reduction that went into effect in 2010. The remainder of the 3-percent increase was used to increase the Medicaid conversion factor from $27.16 to $27.86. For purposes of comparison, the Medicare conversion factor for calendar year 2013 was about $34.00, so even with the increased conversion factor, Medicaid still reimburses significantly below Medicare.

The budget also included funding to annualize the FY 2014 3 percent Medicaid reimbursement increase and build it into the Medicaid funding base going forward. Language changing the health care inflation trend from the hospital budget trend that resulted in the 3-percent increase last year to the Green Mountain Care Board's expenditure analysis target that was used by the administration to arrive at the proposed 2-percent increase this year was also included. The budget did not, however, include the $1.6 million in state funds needed to continue the federal Affordable Care Act (ACA) primary care rate increase after Dec. 31, 2014. ACA only included federal funding to increase Medicaid reimbursement for primary care physicians to the Medicare level for calendar years 2013 and 2014 and so far, the state has not addressed this gap.

The Medicaid reimbursement rate is particularly important since the ACA increased income eligibility for Medicaid to 133 percent of the federal poverty level. This has resulted in approximately 55,000 additional Vermonters becoming eligible for Medicaid. While many of these new Medicaid beneficiaries were formerly covered by VHAP, which reimburses at the same rates as Medicaid, others were covered by Catamount which reimburses at approximately 10 percent more than Medicare, and still others were covered by employer sponsored insurance or were uninsured.

As of the end of March, 19,794 Vermonters were covered by Vermont Health Connect (VHC), the health care exchange. Another 21,823 individuals who applied for VHC coverage were found to be eligible for Medicaid and enrolled in Medicaid. In addition 33,549 individuals formerly covered by VHAP and Catamount were automatically enrolled in Medicaid in January.

VMS acknowledges the difficult task the House Appropriations Committee faced in balancing the budget without raising the health care claims tax, and appreciates the inclusion of the 0.75-percent increase, a move that required the committee to find $1.6 million in scarce state funds.. At the same time, VMS continues to be concerned about whether health care reform will be adequately financed at a level sufficient to recruit and retain a high quality health care workforce.

Residents and medical students take to the Statehouse

On Tuesday, March 25, a group of Fletcher Allen Health Care/University of Vermont College of Medicine residents and medical students held an their 3rd annual advocacy day, supported by the American Academy of Pediatrics Vermont Chapter (AAPVT).

This year the group advocated for the prohibition of smoking in cars with minors (H.217). They had the opportunity to discuss the importance of this ban on the health of Vermont's children with many legislators during a legislative breakfast and got the experience of testifying in the Senate Transportation Committee.

A number of Senators expressed how impressed they were with the testimony of the residents and medical students. This just reinforces the strong impact of physician leaders and advocacy, especially on public health issues.

Senate Health and Welfare took testimony last Thursday and Stephanie Winters testified on behalf of VMS, AAPVT and VTAFP in strong support of the bill, especially the section on prohibiting smoking in cars with minors, and the importance of the age for prohibition being 18.

Health Care Reform

(Cont'd from pg 1) S.252 prescribes a timeline for the selection of an outside administrator for Green Mountain Care (GMC) by requiring the Agency of Human Services to identify, by Feb. 1, 2015, the elements of GMC, such as claims administration and provider relations, for which it plans to solicit bids. Bids would be solicited by July 1, 2015, and one or more contracts would be awarded by Dec. 15, 2015.

The bill also requires the completion of a large number of reports, including:

- A report from the Secretary of the Administration on the efficacy of the chronic care management initiatives currently in effect in Vermont, and whether to increase payments to providers for participation in the Blueprint for Health (due July 15, 2014);
- A report from the Department of Financial Regulation identifying the legal and financial considerations involved with reserves in the event that a private health insurer offering major medical insurance plans ceases doing business in Vermont (due July 15, 2014);
- A report from the Secretary of the Administration recommending whether it should be the policy of the State that all residents should have health care coverage equivalent to the Vermont Health Benefit Exchange benchmark plan prior to the implementation of GMC (due Oct. 1, 2014);
- A report from the Secretary of Education and the Commissioner of Human Resources that presents a plan for transitioning public employees into GMC or another common-risk pool, and address the role of collective bargaining on the transition process;
- A report from the Secretary of the Administration on the cost of GMC, the distribution of health care spending by individuals by income bracket and the distribution of other taxes, as well as the costs and savings of current health care reform initiatives (due Dec. 1, 2014);
- A report from the Secretary of the Administration regarding the feasibility and benefits to the State of acting as its own pharmacy benefit manager for the State employees' health benefit plan, Vermont's Medicaid program, Green Mountain Care and any other health care plan financed or administered by the State (due Oct. 1, 2014);
- A report from the Secretary of the Administration regarding whether health care reform initiatives should encourage the preservation of independent physician practices and whether the State should prohibit health insurers from reimbursing physicians in independent practices at lower rates than they reimburse physicians in hospital-owned practices for providing the same services (due Dec. 1, 2014);
- A report from the Office of the Attorney General regarding the need for intellectual property protection with respect to Vermont's Health Information Exchange and other health information technology initiatives (due Oct. 1, 2014);
- A requirement that the Secretary of Administration, in collaboration with the Vermont Medical Society and the Vermont Association of Hospitals and Health Systems, organize and conduct a symposium to address the impacts of moving toward universal health care coverage on Vermont's health care workforce (by Nov. 15, 2014); and
- A report from the Secretary of Administration regarding the options available to the State of Vermont with respect to the potential integration and coordination of Medicare with GMC (due Dec. 1, 2014).

S. 252 will now go to the House of Representatives where it will be referred to the House Health Care Committee for consideration.

VMS Foundation awarded $549,000 grant for Choosing Wisely project

The Vermont Medical Society Education and Research Foundation learned this week that it has been awarded a $548,829 grant to develop a statewide program that reduces unnecessary and potentially harmful medical testing.

The grant, awarded by the Vermont Health Care Innovation Project (VHCIP) Grant Program, will be used to launch the Vermont Hospital Medicine Choosing Wisely® Project, a 26-month effort focused on decreasing waste and potential harm in the hospital setting.

The principal activity will be two IHI Breakthrough Learning Collaboratives, which most hospitals in Vermont and Dartmouth-Hitchcock Medical Center have either already committed to attending or have expressed interest in doing so.

Approximately 30 percent of health care costs are spent on wasted care that is avoidable and would not negatively affect the quality of care if eliminated. In 2017, it is estimated that Vermont's health care expenditure will total $6 billion, thus putting the state's potential savings at nearly $2 billion.