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August 12, 2014

Joint Fiscal Committee
One Baldwin Street
Montpelier, VT 05633 – 5701

Re: FY 2015 Budget Rescission Plan Proposal

Dear Committee Members:

On behalf of the members of Bi-State Primary Care Association, I respectfully submit this written testimony relative to the FY 2015 Budget Rescission Plan Proposal that was presented to the Committee by the Administration on Monday, August 11, 2014. This testimony specifically addresses our concerns about the following proposed reductions:

1. Removal of the 1.6% Medicaid provider rate increase;
2. \$170,000 reduction to the Educational Loan Repayment (ELR) for Health Care Professionals (\$73,967 from General Fund and \$96,033 from Global Commitment dollars); and
3. \$500,000 reduction to the match funding for the Federal State Loan Repayment Program (SLRP) from the Higher Education Trust Fund revenue.

Bi-State strongly requests reconsideration of the proposed reductions noted above. We have long supported sustaining and strengthening Vermont Medicaid and assuring successful implementation of the Green Mountain Care Programs in extending health care services through coverage of Vermont children and adults. Any reductions to Medicaid payments weaken the safety-net; result in additional cost-shift; and ultimately result in some community providers closing their doors to Medicaid patients. Bi-State's members remain committed to serving Medicaid patients, but they are concerned any time the safety-net is weakened and other providers in their communities feel forced to pull back from serving this population.

Both the ELR and SLRP are tools to support Vermont communities to recruit and retain critically important primary care providers, especially to the state's rural and underserved areas. ELR and SLRP are complimentary and integrated programs. The design of the ELR allows the state flexibility to prioritize its loan repayment awards to meet the unique recruitment and retention needs of any community in Vermont. The Federal SLRP funding is available only to primary care providers who practice in Federally Designated Health Professional Shortage Areas. Most of Vermont does not qualify for geographically-based Federal Designations. As such the SLRP funds will be used to support practitioners who work in Federally Qualified Health Centers and Rural Health Clinics that have these designations based on facility type.

Funding reductions to ELR will not be offset by resources in the SLRP due to the requirement that the SLRP funds be used only for providers in Federally Designated Underserved Areas.

Bi-State was an active partner to the State in preparing the recent Federal SLRP application. Since 2003, Bi-State has operated the Recruitment Center, the only state-focused, nonprofit organization with experience conducting national marketing and outreach specifically to attract and recruit primary care clinicians to Vermont. The Recruitment Center works with hospitals, RHCs, FQHCs and private practices across the state to track their primary care provider vacancies and support their provider recruitment efforts.

As of today, Vermont practices have reported more than forty-six (46) primary care vacancies to the Recruitment Center to meet current needs. These 46 vacancies include openings for family physicians, general internists, pediatricians, obstetricians, dentists, psychiatrists, nurse practitioners and physician assistants. The number of vacancies is expected to grow steadily in the next few years due to the aging of both the physician workforce and the state's general population. Vermont anticipates practices will see an increase in demand for services as newly insured individuals seek a regular source of primary care. At the same time, the Association of American Medical Colleges estimates a national shortage of 45,000 primary care physicians by 2020.

Although Vermont has excellent health professional training programs, communities across the state compete nationally to attract and recruit primary care physicians. This will only become more difficult in the next several years. As a result of many factors converging, primary care physicians have their choice of opportunities in states across the U.S. when they are seeking a location for their practice. There are many positions open in urban and suburban areas which can offer more in the way of financial incentives and community amenities than practices located in Vermont's rural and underserved areas. According to the Agency for Healthcare Research and Quality, of the 209,000 physicians practicing primary care in 2010, a majority were practicing in urban areas (77.5% of family physicians, 89.8% of general internists and 91.2% of pediatricians).¹

The relevance and need for both the ELR and SLRP is well recognized by community organizations, key stakeholders and policymakers across Vermont. The intent of pursuing SLRP funding was to offer additional support to Vermont practices across the state to increase primary care capacity. Reductions to ELR and SLRP match funds will make Vermont practices less competitive in attracting, recruiting and retaining critical primary care providers and further impede Vermont communities from expanding access to primary care services.

Thank you for your reconsideration of these proposed reductions. Please do not hesitate to contact me at (603) 228-2830 should you have any questions.

Sincerely,



Tess Stack Kuenning, CNS, MS, RN
President and Chief Executive Officer

¹ Primary Care Workforce Facts and Stats No. 3. January 2012. Agency for Healthcare Research and Quality, Rockville, MD. <http://www.ahrq.gov/research/findings/factsheets/primary/pcwork3/index.html>