
S245 Notice of Provider Affiliations

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Vermont's Independent Practice Association

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Why HealthFirst Supports this Legislation

- When an independent physician practice is acquired by a hospital, higher fees are charged for the same services
- Currently patients are not notified that higher charges may apply, but are often required to pay the higher fees out of pocket, if deductibles or co-insurance applies
- Patients have brought complaints and evidence of increased bills from hospital-affiliated practices to their doctors, who are our members
- Patients ought to be notified if they will have to pay more for the same service
- Patients ought to be notified when they have an option to visit a lower-cost provider (shared-decision making)

Hospitals may charge facilities fees to commercial and public payers

| <u>Payment Source</u> | <u>Independent Physicians</u> | <u>Hospitals</u> | <u>Academic Hospitals</u> |
|---------------------------------------------|-------------------------------|------------------|---------------------------|
| Professional Fees | | | |
| Commercial Payers | ✓ | ✓ | ✓ |
| Medicare | ✓ | ✓ | ✓ |
| Medicaid | ✓ | ✓ | ✓ |
| Facility Fees | | | |
| Commercial Payers | | ✓ | ✓ |
| Medicare | | ✓ | ✓ |
| Medicaid | | ✓ | ✓ |
| Medical Education Payments | | | |
| Medicare DIRECT Grad Med Education payments | | | ✓ |
| Medicare INDIRECT GME augmentation | | | ✓ |
| Medicaid Fixed Annual Payment to UVMHC | | | ✓ |
| Medical School Tuition from Students | | | ✓ |
| Medical School Endowment + Donations | | | ✓ |

- Independent physicians are a critical component of a high-quality, lower cost health care system
- Hospitals are paid additional facility fees for outpatient office visits at practices they own
- 95% of independent physicians in VT see patients with all insurance and the uninsured, often with sliding fee schedules and no ability to “cost-shift”
- Independent physicians also teach medical students voluntarily

→ THE SUBJECT OF THIS REPORT/DISCUSSION IS PROFESSIONAL FEES ONLY

BCBS of Vermont pays UVMHC-affiliated practices twice as much for primary care services

2014 Data from Blue Cross Member Website

| Common PC CPT Codes | Description | Ind. Physician | UVMHC-Affiliated Practice | VAR % |
|---------------------|---------------------------------------|----------------|---------------------------|-------|
| 99213 | 15 minute low complexity office visit | \$78.00 | \$177.00 | 227% |
| 99214 | 25 minute moderate complexity visit | \$117.00 | \$261.00 | 223% |
| 90471 | Vaccine Admin | \$25.00 | \$43.00 | 172% |
| 99396 | Preventive Exam | \$149.00 | \$307.00 | 206% |
| 90472 | Additional vaccine admin | \$15.00 | \$46.00 | 307% |
| 99395 | Preventive and screening | \$135.00 | \$287.00 | 213% |
| 87880 | Rapid Stress Test | \$25.00 | \$49.00 | 196% |

Comparing Professional Fees ONLY for these codes

Average Variation 220%

Payment Variations in Specialty Codes are Even More Severe

***Comparing
Professional Fees
ONLY for these
codes***

2014 Data of Specialty Procedural Codes From BCBS Website

| CPT Code | Specialty | Ind. Physician | Academic Hospital | VAR % |
|----------|-------------------------------------------------------------------------|----------------|-------------------|-------|
| 45378 | Gastroenterology - Dx Colonoscopy | \$584 | \$1,356 | 232% |
| 45385 | Gastroenterology - Colonoscopy with removal of tumor, polyp, or lesions | \$765 | \$1,819 | 238% |
| 20610 | Pain Med - Drain and/or injection of major joint or bursa | \$116 | \$235 | 203% |
| 92012 | Ophthalmology - Eye Exam Est Patient | \$84 | \$278 | 331% |
| 11000 | Dermatology - Skin Biopsy Single Lesion | \$109 | \$349 | 320% |
| 17000 | Dermatology – Destruction Of Premalignant Lesion | \$83 | \$273 | 329% |

Average Variation

275%

For More Information...

- For national studies documenting increases in commercial premiums and total costs see please HealthFirst's Public Comment on GMCB FY2017 Hospital Budget Guidance
 - HF_GMCB_hospital_consolidation_public_comment_02_10_2016.pdf
- For discrepancy in Medicare Payments to Hospital-owned practices based on professional and facility fees, please see the above:
 - Reference 5 "Medicare: Increasing Hospital-Physician Consolidation Highlights Need for Payment Reform." U.S. Government Accountability Office, December 2015

2014 Data Comes From BCBS Website

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Here you will find tools and resources to help assist you with:

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Price and Quality Tools
Use these tools to research price and quality information associated with your health care coverage.

Member Center
Visited Nov/Dec 2014

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Detailed Price Report by Code

John Doe, MD

| | | VHP |
|------------------------------|----------------------------------------------------------|--------------------------|
| Category/Code | Description | Provider's Median Price* |
| Professional Services | | |
| 99213 | OFFICE/OUTPATIENT VISIT ESTABLISHED PATIENT - 15 MINUTES | \$177.00 |
| 99214 | OFFICE/OUTPATIENT VISIT ESTABLISHED PATIENT - 25 MINUTES | \$261.00 |
| 99243 | OFFICE CONSULTATION - 40 MINUTES | \$301.00 |
| 99396 | PREVENTIVE VISIT - AGE 40 THROUGH 64 YEARS | \$307.00 |