HEALTH FIRST

Date: April 19, 2024
To: AHS, GMCB, Members of House Health Care & Senate Health & Welfare
From: Vermont HealthFirst Board of Directors
Re: Federal AHEAD Model

On behalf of our 131 primary care and specialty care physicians practicing in 62 physician-owned practices located across Vermont, we would like to express significant concerns about Vermont's potential participation in the federal AHEAD model. In our current understanding of the model, the stated benefits[i] simply do not justify the likely costs to participate. AHEAD would not address Vermont's most pressing and well-documented affordability[ii], and access[iii] issues. Furthermore, participation in the model will unnecessarily divert Vermont's attention and resources away from actions that could lead to meaningful reform.

We have many concerns with AHEAD. Among them:

• **It does not address affordability or high hospital prices.** Vermont's Qualified Health Plan premiums are $948, more than double the national average[iv]. This represents a 58% increase since 2019, compared to the 3% increase seen nationally. Most of these increases are due to costs, especially hospital costs, not over utilization. The AHEAD model is more geared toward decreasing utilization, not controlling prices. Furthermore, AHEAD's hospital global budgets are based on historical hospital expenditures, memorializing inappropriately high prices into the calculation. Vermont's problems would be better addressed through levers available to the GMCB, such as rate setting and reference-based pricing.

• **It does not focus on improving access to care.** It's well established that many Vermonters have trouble finding a primary care provider and are enduring long waits for many essential healthcare services. The AHEAD model does little to change that. AHEAD's global budget caps could actually be an incentive to limit utilization, the opposite of what Vermont needs. The model doesn't help to strengthen and expand services such as home health, mental health, and other support services desperately needed by Vermonters and essential if we are to decrease hospital spending. Vermont should put more of its time and resources into shoring

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up the services that we know will help to increase access while decreasing hospital spending.

- **It does not adequately support primary care.** While the AHEAD model would provide $15-$21 PMPM more to participating primary care practices to care for patients, this is only for Medicare-attributed patients. There is no additional support for non-Medicare patients, including the increasing number of people covered by Medicare Advantage plans.

  Furthermore, there is no support for recruiting and retaining much-needed primary care clinicians. Available primary care clinicians are already working at maximum capacity so unless burden is decreased and/or the number of clinicians is increased, there is no room to increase utilization of high-value primary care services to try to prevent avoidable and costly hospital services. Much more must be done to recruit clinicians into primary care.

  We also see that the AHEAD's Total Cost of Care measure includes the Enhanced Primary Care Payments (EPCP) starting in year four of the model. This could be a deterrent to expanding primary care services even though more are needed.

  Lastly, there is no plan to shield already fragile primary care practices from the hardship that will result from moving from the current reform model to whatever the State does next, be it AHEAD or not. For example, independent and pediatric practices currently participating in Vermont's existing payment reform activities such as the ACO's Comprehensive Payment Reform (CPR) and Population Health Management Payments will likely see a reduction in their overall payments once the All-Payer Model ends, further weakening primary care. We need to stop subjecting primary care providers to these overly complicated and burdensome experiments and instead focus resources on sustainably supporting providers so they feel compelled to start or continue practicing in primary care.

- **It does nothing to decrease administrative burden and spending.** Administrative burden is a huge problem for providers and patients alike and administrative spending accounts for 15-30 percent of all healthcare spending[v]. The burden on patients and providers leads to delays in care that can worsen health and increase medical costs. Burden is also largely responsible for provider burnout. The AHEAD model would add to that burden as providers assess and comply with another complicated healthcare reform model with its associated Merit-based Incentive Payment System (MIPS)[vi] and contracting requirements, as well as the fiscal analyses that practices must conduct to determine if participating is a sustainable choice for their practices.

- **It potentially dilutes GMCB's regulatory authority.** AHEAD's focus on global budgets and the Total Cost of Care measure puts AHS in a position to potentially regulate hospital budgets, which is currently under the purview of GMCB. In our view, the GMCB is best positioned to retain and/or assume these responsibilities. They have a broad understanding of the system, know the data and its limitations, and their processes are more transparent. There is also more continuity with GMCB than there would be with AHS with Administration changes every two years.

- **Participating would effectively endorse a model that doesn't address the true healthcare-related problems in Vermont or the United States.** CMS' payment policies have helped to incentivize consolidation and employment of physicians by large health systems. The healthcare system also has layers of middlemen and unnecessary bureaucracy. As a result, prices are much higher, choices are fewer, patient/provider relationships are weakened, and high value community providers are starved of resources. The AHEAD model ignores these destructive dynamics that have a large impact on healthcare affordability, access, and quality.

These are the shortfalls of the AHEAD model as we currently see them. We recognize that Vermont is unable to conduct a detailed cost/benefit analysis of AHEAD participation until the fine points are negotiated with CMS. However, it's hard to imagine that the AHEAD benefits to the state will exceed the costs necessary to operationalize the program. Consider the significant costs already incurred with the dozens of hours of time devoted by personnel at AHS, GMCB, consultants, provider organizations, providers, and others just to learn and plan for possible participation in AHEAD. The costs certainly will increase if the state and providers move forward with the model. Let's instead expend those resources taking actions that will more directly impact healthcare affordability and access such as reference-based pricing, primary care recruitment, enhancement of community support services and providers, and reducing administrative burden and waste in the system.

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[i] Slide 11, February 21, 2024 GMCB presentation AHEAD Update

[ii] Slides 8-16, January 11, 2024 GMCB Act 167 Update

[iii] Health Services Wait Times Report Findings, February 16, 2022.

[iv] Slide 8, January 11, 2024 GMCB Act 167 Update

[v] "The Role Of Administrative Waste In Excess US Health Spending, " Health Affairs Research Brief, October 6, 2022. DOI: 10.1377/hpb20220909.830296

[vi] It is our current understanding that AHEAD does not qualify as an Advanced Alternative Payment Model that would exempt providers from having to participate in MIPS.