



## Children, Families, Health, and Human Services Interim Committee

PO BOX 201706  
Helena, MT 59620-1706  
(406) 444-3064  
FAX (406) 444-3036

### 61st Montana Legislature

#### SENATE MEMBERS

RICK LAIBLE--Vice Chair  
ROY BROWN  
CHRISTINE KAUFMANN  
TRUDI SCHMIDT

#### HOUSE MEMBERS

DIANE SANDS--Chair  
MARY CAFERRO  
GARY MACLAREN  
PENNY MORGAN

#### COMMITTEE STAFF

SUE O'CONNELL, Research Analyst  
LISA JACKSON, Staff Attorney  
FONG HOM, Secretary

October 1, 2009

The Honorable Max Baucus  
United States Senate  
511 Hart Senate Office Building  
Washington, D.C. 20510-2602

Dear Senator Baucus:

As Congress works on changes to the nation's health care delivery and insurance systems, our legislative committee is closely following the efforts and the impacts changes at the national level may have on Montanans. The committee has not taken a position on the proposed health care reform bills but has discussed the current state of primary care in Montana and the potential effects an increase in the number of insured people could have on our primary care system.

The Children, Families, Health, and Human Services Interim Committee heard presentations this month from a number of people involved in primary care services. Among other things, the speakers discussed:

- the benefits of primary care health services and the role these services play in keeping health care costs down;
- the issues driving the current shortage of primary care practitioners and the expected continuation of that trend;
- the problems the shortage could create if more people gain health insurance coverage and seek medical care; and
- the important role that community health centers have played in providing care to Montanans, particularly those who lack insurance or are underinsured.

Montana's primary care workforce is already shrinking, as noted in a just-released report by the Montana State University Office of Rural Health. Twelve of our 56 counties have no primary care doctor, while nine counties have no doctor at all.

Two physicians who spoke to the committee emphasized the disincentive built into the current Medicare reimbursement system. As you know, Medicare's Resource-Based Relative Value Scale determines the payment that Medicare will provide physicians for each service they perform. The system gives each medical procedure a Relative Value Unit (RVU) based on the amount of work required by the physician, the overhead costs of providing the service, and -- to a very limited degree -- the malpractice insurance cost associated with the procedure.

Dr. Jay Larson and Dr. Kurt Kubicka pointed out to the committee that the RVUs assigned to the typical diagnostic, treatment, and care management services provided by a primary care doctor are much lower than those assigned to services provided by a specialist, who usually performs

procedures rather than evaluation and management activities and whose practice may have higher overhead costs because of specialized equipment.

Yet a primary care provider's management of a patient's medical condition may well prevent the need for more intensive -- and costlier -- medical interventions, usually provided by a specialist.

This reimbursement model is used by Montana and many other states when they set their Medicaid reimbursement levels. Private insurers also base their rates off this model and the RVUs assigned to medical procedures.

Drs. Larson and Kubicka strongly believe that the lower RVUs assigned to primary care services keep many medical students from entering primary care practice, because their earnings potential is far lower than it would be for a specialty practice. And the average medical student starts his or her career with a debt of \$160,000, making a higher-paying practice more attractive to many. These two doctors and others also believe the system is discouraging to doctors already in practice and is causing many of them to leave primary care practice. Some Montana communities have experienced rapid and noticeable decreases in the number of primary care doctors available to the general patient population.

Our committee voted on September 21 to urge you and the other members of our congressional delegation to take steps to:

- increase the value assigned to primary care services in the RBRVS system as part of a realignment of RVUs for all medical procedures that would better reflect their relative values while keeping changes to the system cost-neutral; and
- increase support for community health centers to improve low-cost access to primary health care services.

We know that Congress must piece together numerous elements as you work on expanding health insurance coverage and curbing health care costs. As I mentioned earlier, the committee has not taken a position on any of the pending health care reform bills. However, we believe that for any health care reform efforts to work well in Montana, we need to maintain and, if possible, expand our primary care workforce. We believe that an increase in the RVUs for primary care and increased support for community health centers will make a big difference in Montana. These issues are important enough to stand on their own merits and should be acted on concurrently with -- but not necessarily as a part of -- the health care reform legislation now under consideration.

Thank you for your consideration of this request.

Sincerely,

Representative Diane Sands  
Presiding Officer

CI0425 9274soxa.