



# Vermont's Commercial ACO Shared Savings Program: *Proposed Updates to Program Standards*

*Presentation to  
Green Mountain Care Board*

*Pat Jones, Health Care Project Director  
December 15, 2016*

# Summary of Proposed Changes

1. Transition from Premium-Based to Experience-Based Financial Targets
2. Increase in Truncation Point for High-Cost Outliers
3. Impact of Insurer Losses in Exchange Business on Distribution of Shared Savings
4. Clarification that Vision Benefits are Excluded from Expected Spending Calculations
5. Quality Updates

# Source of Proposed Changes

- Support for changing from premium-based to experience-based calculations of financial targets (including increasing the truncation point) led to discussions at ACO Operations Group, proposals from BCBSVT and ACO representatives, and consensus recommendations
- Remaining changes reflect existing practice or are technical clarifications/updates

# Transition from Premium-Based to Experience-Based Financial Targets

- Starts with Year 1 experience for each ACO
- Excludes retail pharmacy claims, non-medical dental and vision claims, and high-cost outlier claims above the truncation point
- Trends forward to Year 3 for each ACO; includes consideration of hospital budget increases
- Adjusts target for demographic changes (age and gender) and changes in selection of benefit plans

# Truncation Point for High-Cost Outliers

- In Years 1 and 2, truncation point for excluding claims for high-cost outliers was \$125,000
- Concern that removing these claims from financial targets and savings calculations wasn't supportive of efforts to manage costs and improve care for people with complex conditions
- After analysis by OneCare, ACO Operations Group agreed unanimously to propose increasing the truncation point to \$250,000

# Impact of Insurer Losses on Distribution of Shared Savings

- BCBSVT proposal: “An insurer will not be obligated to distribute shared savings if the insurer realizes a loss on its Exchange business where overall Qualified Health Plan business allowable costs are above the target amount set by the ACA Risk Corridor program.”
- ACOs agreed that this is a reasonable response to BCBSVT agreeing to no downside risk for the duration of the Commercial Shared Savings Program.

# Exclusion of Vision Benefits

- Clarification that vision benefits are excluded from expected spending calculations

# Quality Updates

- 2-point scoring for “Rate of Hospitalization for Ambulatory Care-Sensitive Conditions” due to small numerators
- Clarification that measures with denominators less than 30 are not reported
- Updates to Table 1 to reflect most recent national benchmarks and previously-approved substitution of measures
- Update to Table 2 to reflect that “quality ladder” is in effect for all 3 years of the pilot