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FY 2021 ACO Oversight

Budget Guidance and Certification Eligibility Verification

Alena Berube, Director of Value Based Payments & ACO Regulation

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Agenda

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1. Background
2. Statutory Authority
3. FY 2021 Certification Eligibility Form
4. FY 2021 Budget Guidance
5. Next Steps

Background

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GMCB established guiding priorities for staff:

1. Regulatory Integration
2. Reduce administrative burden on regulated entities, where appropriate, especially in the wake of COVID-19

In response, staff set the following goals for FY 2021 ACO Oversight processes:

1. Streamline information requests across regulated entities (ACO and Hospitals)
2. Break out information requests across processes categorically to ensure Rule 5.000 regulatory requirements
3. Emphasis on data over narrative where appropriate
4. Reconsider timing of information requests
   e.g. Budget Cycle vs On Going Monitoring

Statutory Authority

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18 V.S.A. § 9382 and the GMCB Rule 5.000 distinguish between two processes within ACO Oversight:

1. ACO Certification: First time certification and ongoing eligibility
2. ACO Budget: Annual review of an ACO's finances/programs

The standards and requirements by which we review the ACO submissions are set forth in:

1. 18 V.S.A., Chapter 220 (primarily 18 V.S.A. § 9382 "Oversight of Accountable Care Organizations");
2. GMCB Rule 5.000; and,
3. All-Payer ACO Model Agreement.

FY 2021 Certification Eligibility Verification

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Once certified, an ACO must annually submit a form to the GMCB (1) verifying that the ACO continues to meet the requirements of 18 V.S.A. § 9382 and Rule 5.000; and (2) describing in detail any material changes to the ACO's policies, procedures, programs, organizational structures, provider network, health information infrastructure, or other matters addressed in the certification sections of Rule 5.000.

- 5.201 – Legal Entity
- 5.202 - Governing Body
- 5.203 - Leadership and Management
- 5.204 - Solvency and Financial Stability
- 5.205 - Provider Network
- 5.206 - Population Health Management and Care Coordination
- 5.207 - Performance Evaluation and Improvement
- 5.208 - Patient Protections and Support
- 5.209 - Provider Payment
- 5.210 - Health Information Technology

FY 2021 Certification Eligibility Verification

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- No changes to the certification criteria this year and no material changes to the FY 2021 Certification Eligibility Verification Form ("Form")

- Form to be posted on the GMCB website under "2021 ACO Budget and Certification" and issued to OneCare by July 1st, 2020 along with the FY 2021 Budget Guidance

- Form to be completed and submitted by OneCare on or before September 1st, 2020

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Questions on FY 2021 Certification Eligibility Verification?

FY 2021 ACO Budget Guidance: Overview

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Staff goals for developing this guidance included:

1. Simplify questions and reduce redundancies;
2. Clarify references to the ACO versus the APM;
3. Separate content necessary for budget guidance versus ongoing monitoring;
4. Rely on data over narrative;
5. Understand changes due specifically to COVID-19 versus other factors; and
6. Understand implications of ACO participation for hospitals.

*GMCB staff hope this version of the guidance will **increase transparency**, **reduce administrative burden**, while helping the Board and the public understand how the ACO is **adapting its operations** given **COVID-19** and the reduced ability of **hospitals** to take on **financial risk**.*

FY 2021 ACO Budget Guidance: Table of Contents

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Introduction

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FY 2021 ACO Budget and COVID-19: Added language to recognize the significant challenges COVID-19 has had on current operations and reliably planning for the future.

1. Many standard and otherwise relevant questions may no longer have meaning for the present conditions, therefore some questions or subparts of questions are *"grayed out" and italicized*, indicating that they are not required to be answered for 2021, but serve as a preview for future budget submissions.
2. While estimates on utilization and other prospective factors may be even more volatile than in previous years, the Board still needs to understand these assumptions and their impact on the proposed budget.
3. The expectation stands across all sections in this guidance that the ACO shall indicate when changes to their budget over prior year are due specifically to COVID-19 or other factors.
4. Where relevant, discuss how the ACO is assisting the state in stabilizing the health care system – for example, FPP has been cited as a valuable mechanism to provide predictable funding to providers, especially during COVID-19 when providers cannot rely on utilization to drive sufficient revenue to cover their fixed costs.

Section 1: ACO Information and Background

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The executive summary shall include the following information:

1. Value proposition and business model;
2. Challenges, opportunities and objectives for budget development;
3. Changes to provider network, payer programs, and population health and payment reform programs;
4. Administrative operations details; and,
5. Key assumptions made during budget development.

Section 2: Provider Network

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- Network development strategy
  - Challenges and opportunities for 2021 network recruitment
- Network Data
  - Provider network, including provider type and program participation details
  - Provider list
- Provider contracts
  - Provide copies
  - Explain
    - Payment strategies and methodologies; and their contribution to goals of reducing cost and improving quality
    - New or expanded incentives to strength primary care
    - Strategies related to expanding FPP adoption across the provider network

Section 3: Payer Programs

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- Explain changes across portfolio of payer programs
  - New/terminating programs?
  - Changes to existing programs?
  - If not scale target qualifying per APM– why?
  - Expansion of FPP offerings (true capitation and otherwise)? How are FPP amounts calculated and what mechanisms exist to ensure that amounts are not “too high” or “too low”?
- Provide copies of proposed payer contracts
- Provide an update on the Medicaid “expanded” or geographic attribution methodology rolled out in 2020

Reminder: *It is not the GMCB’s authority to do a programmatic review of OneCare, rather, a review of how payer programs are integrated into the vision and goals of the ACO, their impact on the ACO’s budget and solvency, program alignment to meet the goals of Vermont’s All Payer Model (APM), and the impact of programs on or by other entities regulated by the Board.*

Section 4: Total Cost of Care

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TCOC, by payer, by HSA:

1. **Prior year (2019)**: How is the ACO helping those communities that did not meet their targets develop further insights and adapt their local strategies?
2. **Current year (2020)**: *How is the ACO assisting those communities that are not on target to meet their TCOC for the remainder of the year?*
3. **Budget year (2021)**: what methodology/assumptions are used to translate the GMCB approved rates into the ACO's proposed budget?
   - COVID-19 and utilization assumptions?

Section 5: Risk Management

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1. ACO Risk by Payer (and any payer-specific risk mitigation strategies);

2. Risk by Payer by Risk-bearing Entity (RBE), i.e. Hospitals (and any RBE-specific risk mitigation strategies); and,

3. Summary of Shared Savings and Losses for prior, current, and budgeted year: actual and expected distribution and methodology

Section 6: Budget

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- ACO Financial Data:
  - Projected and Budgeted financial statements (Income, Balance sheet, Cash flow);
  - Budgeted sources and uses documentation;
  - PMPM revenues by payer;
  - Details of hospital participation and risk; and,
  - Management compensation (gross compensation over $150k and all leadership over $100k).

- Budget narrative includes explanation of:
  - Significant variations over prior year (revised budget)
  - Any expected gains/losses, their rationale, or to the extent applicable, how OneCare intends to balance to a break-even budget (surplus to reserves etc.).

Section 7: Quality, Population Health, Model of Care, and Community Integration Initiatives

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Six key areas:

1. Model of Care;
2. Quality Improvement and Clinical Priorities;
3. Population Health and Payment Reform;
4. Care Coordination and Care Navigator;
5. Integration of Social Services;
6. Childhood Adversity; and,
7. All-Payer Model Quality and Population Health Goals.

Questions across topics:

- Progress to date (including HSA-level statistics)
- Methods/metrics/measuring impact
- Proposed budget year objectives

Section 8: Other—Vermont All-Payer ACO Model Questions

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- GMCB staff would like to request additional information from OneCare related to their role and contribution to the state's goals under the APM; however, given COVID-19, these questions will not be required upon submission on October 1, 2020, but are intended to be included in future budget years.
- GMCB staff will revisit these questions, post-pandemic.

Part II: ACO Budget Targets

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All-Payer Model Agreement Growth and ACO Financial Targets

In deciding whether to approve or modify an ACO's proposed budget, the Board will take into consideration the requirements of the APM, including the All-Payer Total Cost of Care per Beneficiary Growth Target, the Medicare Total Cost of Care per Beneficiary Growth Target, the ACO Scale Targets, and the Statewide Health Outcomes and Quality of Care Targets. GMCB Rule 5.000, § 5.405(b), (c).

	Aged and Disabled		ESRD		Blended (0.36% ESRD)	
2017 to 2018	Floor	3.70%	Floor	3.70%	Floor	3.70%
2018 to 2019	$891.07 $856.41	4.05%	$7,833.28 $7,586.28	3.26%	$916.06 $880.64	4.02%
2019 to 2020	$940.81 $903.21	4.16%	$7,795.38 $7,563.53	3.07%	$965.49 $927.19	4.13%
2020 to 2021	$975.06 $932.34	4.58%	$8,110.21 $7,910.87	2.52%	$1,000.75 $957.46	4.52%
Compounding Projection to Date		4.12%		3.13%		4.09%
Compounding Target to Date		3.92%		2.93%		3.89%

Calculation:

Blended Compounding Projection = (1.037*1.0402*1.0413*1.0452) ^ (1/4) -1 = 4.09%

Blended Target to date = 4.09% - 0.2% = 3.89%

Source:

https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents.html

Part II: ACO Budget Targets

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- Other Targets/Benchmarks
  - The Board generally sets ACO Budget targets/benchmarks during the budget submission process after taking into account the ACO's proposed budget, expected growth in programs and in scale (attribution) etc.
  - The Board may establish guidelines for managing certain portions of the ACO's budget (e.g. admin expense ratio, population health ratio).

Part III: Revised Budget

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Revised Budget Deliverables due Spring 2021, upon execution of payer contracts:

1. Final attribution by payer;
2. Provider copies of all payer contracts;
3. Details of expansion of fixed prospective payments (FPP) across payer programs, payment calculation methodologies, and adoption rates by providers; and
4. Provide an actuarial opinion that the risk-bearing arrangements between the ACO and payers are not expected to threaten the financial solvency of the ACO.

Part IV: Monitoring

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GMCB staff are currently working on developing a monitoring plan that will outline standard reporting and other deliverables to be provided by the ACO to the GMCB, along with a timeline for their submission, and will include (but will not be limited to):

1. Presentation of prior year performance, before Board vote on proposed budget.
2. Tables submitted through the budget process for which reporting on actuals is required (e.g. Quarterly Financial Statements).
3. Data on HSA level performance (financial, quality, utilization) at least quarterly.
4. All-Payer Total Cost of Care, Per Member Per Month, 5-Year Compounding Growth Rate, comparative analysis of state-wide performance to ACO-specific performance.
5. Information on ACO's complaints, grievances, and appeals processes for enrollees and providers.

Intersection of Regulatory Processes at the GMCB

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Reminder: Oversight of ACO budget interacts with other GMCB regulatory processes:

1. Hospital Budget Process
   - FPP and % of NPR
   - Risk related to TCOC performance
   - Reserves related to reconciliation of FPP vs FFS (Medicare only)
   - Hospital participation fees paid to ACO
   - Hospitals receive PMPM payments to support infrastructure, care coordination, and other initiatives
2. Rate Review
   - Board-approved QHP premium rates are an input to QHP ACO trend
3. APM
   - ACO contribution to All-Payer and Medicare TCOC (proportionate to scale)
   - Population Health and Quality Outcomes
   - Scale
   - GMCB authority to modify Medicare Next Generation ACO Model

Next Steps

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- GMCB Staff still reviewing tables for efficiencies
- The FY 2021 Budget Guidance is currently undergoing internal legal review.
- June 17, 2020—Potential Board vote on guidance
- July 1, 2020—FY 2021 ACO Budget Guidance and Certification Eligibility Verification Form sent to OneCare
- September 1, 2020—OneCare to submit FY 2021 Certification Eligibility Verification Form
- October 1, 2020—OneCare to submit FY 2021 Budget

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For more information, please review the FY 2021 ACO Budget Guidance document on the GMCB Website.

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Questions?