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144 State Street
Montpelier, VT 05602
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June 22, 2020

Mr. Douglas R. Hoffer
Vermont State Auditor
Office of the State Auditor
132 State Street
Montpelier, Vermont 05633-5101

Dear Mr. Hoffer,

Thank you for the opportunity to comment on your office's draft audit report titled *Vermont's All-Payer Accountable Care Organization (ACO) Model: An Overview of the All-Payer ACO Model and the State's Oversight of Vermont's Only ACO, OneCare Vermont, LLC*. As more data become available, it will be important to build upon and integrate existing measurements and analyses to identify successes of the Vermont All-Payer ACO Model (APM or "the Model") and opportunities to improve. We welcome your recommendations on this subject and provide our comments below.

The APM – and Vermont's broader health care payment and delivery system reform efforts – seeks to change the way health care is delivered and paid for, with the goal of keeping health care cost growth in line with that of the overall economy and improving the health of Vermonters and the quality of care they receive. This is consistent with the federal government's priorities, as reflected in the U.S. Department of Health and Human Services' 2015 announcement that, by 2018, the majority of Medicare payments would be paid through "alternative payment models" that reward value, efficiency, and high quality care, rather than through the traditional "fee-for-service" system.[1] CMS has urged states to follow suit.

Vermont's All-Payer Model keeps Vermont moving in the same direction as Medicare while allowing the State to tailor Medicare's programs to Vermont's circumstances and needs. It also allows us to align Medicare's model with other Vermont payers, creating a unified set of incentives for providers which are more likely to achieve the desired outcomes. The COVID-19 pandemic has reinforced the pitfalls of fee-for-service reimbursement and highlighted the value of fixed payments, which can help providers maintain stable revenue during unpredictable times.

The Model was also instrumental in introducing targets for health care spending growth, health care quality, and population health outcomes. The APM contains statewide spending growth targets based on historical economic growth, including expenditures that are outside of the GMCB's traditional regulatory levers (e.g., non-hospital, out-of-state, and self-funded employer spending). The Model's Quality Framework includes ambitious long-term goals to improve the health of Vermonters. The Agreement also keeps Medicare dollars flowing to the Blueprint for Health and Support and Services at Home (SASH) programs, which otherwise would have lost Medicare funding after 2016.

Ongoing assessment of the Model is key to our shared goal of improving Vermont's health care system while increasing transparency. Any assessment of the APM must consider the Model holistically and

[1] *See* Centers for Medicare and Medicaid Services Fact Sheet, *Better Care. Smarter Spending. Healthier People: Paying Providers for Value, Not Volume* (Jan. 26, 2015), https://www.cms.gov/newsroom/fact-sheets/better-care-smarter-spending-healthier-people-paying-providers-value-not-volume.

include the Model's impact on overall health care spending, health care quality, and population health outcomes. In addition, analysis of the Model's financial performance should not be limited to the ACO's ability to achieve savings relative to its operational costs: it should include an assessment of the value generated as a result of investments in population health and improved care integration, as well as economies of scale afforded by centralizing shared data infrastructure, analytics, and care coordination, among others. Success on these outcomes depends on collaboration across Vermont health care providers, State agencies, social service organizations, the ACO, and our Vermont communities, and a more simplistic return-on-investment analysis would not accurately evaluate the Model's costs and benefits.

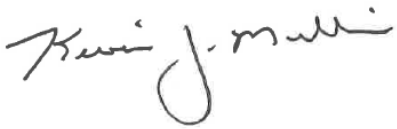
In addition to the multitude of State monitoring and reporting required under the APM, the federal government is performing a comprehensive formal evaluation of the Model. As in most health services research projects, evaluation results are not immediate; standard health care data availability timelines and the federal clearance process mean that reports are typically available 12-30 months following the end of the performance period. While Vermont could consider undertaking a formal State-led evaluation, it would face the same timing constraints and would be highly expensive; without significant additional appropriations, the GMCB could not undertake such a project.

Per the Agreement, Vermont is expected to propose a subsequent model by December 2021. The State and its federal partners recognize that it is not possible to complete a comprehensive Model evaluation prior to this decision for the reasons indicated above; while unfortunate, this was known when the proposal deadline was set during Model negotiations. **For these reasons, the GMCB and its co-signatories will use all available data – including quantitative data and trends that incorporate pre-baseline data, as well as stakeholder input – in deciding whether or not to enter into a subsequent agreement.** The GMCB and our Model cosignatories have already begun contemplating lessons learned that could inform the design of a subsequent model. As noted in your report, proposal development will incorporate a robust stakeholder process to solicit input from providers, advocates, and Vermonters.

In evaluating Vermont's performance on the APM's statewide health care quality and population health outcomes measures, it is important to remember that the APM Quality Framework was developed in partnership with Vermont stakeholders and was intensively negotiated with CMS. During these negotiations, 2022 performance targets for each measure were established using the most recent performance information that was then available. As noted in the report, there are areas where Vermont's Year 1 performance is already greater than or equal to the 2022 target, representing improvements over performance results that were available during the 2016 negotiations and/or sustained strong performance. We agree that it is imperative to continue to track performance and to make annual results transparent, both to identify continued success and any areas where performance declines.

As we continue to plan with our co-signatories and prepare to make a proposal for a subsequent agreement, we will continue to consult all available resources and to work with our stakeholders to ensure that we continue to act in the best interest of Vermonters.

Sincerely,



Kevin Mullin
Chair, Green Mountain Care Board

cc:
Mike Smith, Secretary, Agency of Human Services
Cory Gustafson, Commissioner, Dept. of Vermont Health Access