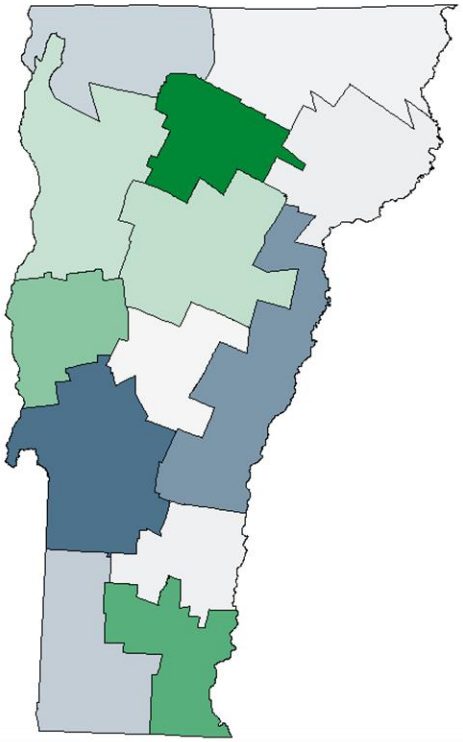

Vermont Modified Next Generation Accountable Care Organization Medicare Benchmark Trend Factor for OneCare Vermont: Discussion and Staff Recommendations

Accountable Care Organization Budget Review for OneCare Vermont: Discussion and Staff Recommendations

December 21, 2017
Green Mountain Care Board

VERMONT
GREEN MOUNTAIN CARE BOARD

Agenda

1. Vermont Modified Next Generation Accountable Care Organization Benchmark Trend Factor
    a. Staff Recommendation
    b. Potential Vote
2. Accountable Care Organization Budget Review for OneCare Vermont
    a. Staff Recommendations for OneCare Vermont Budget Approval:
        - Payer Contracts
        - Rates
        - Risk
        - Risk Mitigation
        - Primary Care and Population Health Investments
        - Administrative Expenses
        - Consumer Protections
    b. Public Comment Summary
    c. Potential Vote
3. Certification Update

Medicare Benchmark Trend Factor

- Submit to CMMI for approval, a 3.5% trend factor for the Vermont Modified Next Generation ACO Program Medicare Benchmark.
    - Provides for investments at the start of the Performance Period that may be essential to achieving savings in later years.
    - Is a significantly lower rate of growth per capita than suggested trend from preliminary data for aligned beneficiaries.
- Use pay-for-reporting approach to quality in 2018, consistent with first year approach in Medicare Next Gen ACO program and prior CMMI initiatives. If ACO successfully reports on quality measures, it would receive full payment.

Staff Recommendations:
OneCare Vermont Conditions of Budget Approval
Overall Budget

We recommend approving OneCare Vermont's budget FY18 subject to the following conditions:

1) By the end of the month following the close of each quarter, OneCare must submit to the Board the actual year-to-date FY18 operating results for the quarter. OneCare must comply with any other monitoring and/or reporting requirements implemented by the Board.

Staff Recommendations:
OneCare Vermont Conditions of Budget Approval
Payer Contracts

2) OneCare must submit each payer contract, Medicare, Medicaid, Commercial, to the Board promptly after it is executed.

3) No later than the end of the first quarter of 2018, OneCare must submit a written report to the Board demonstrating to the Board's satisfaction that the BCBSVT and UVMMC programs qualify as Scale Target ACO Initiatives under section 6.b. of the APM Agreement.

4) No later than the end of the first quarter of 2018, OneCare must submit a report to the Board that describes how its contracts with BCBSVT and UVMMC align with the Medicare contract in the areas of total cost of care; attribution and payment mechanisms; patient protections; provider reimbursement strategies; and quality measures, and that explains the rationale for any differences in these areas.

Staff Recommendations:
OneCare Vermont Conditions of Budget Approval
Rates of Growth

5) 3.5% for Medicare

6) 3.5% for Commercial

7) 6.1% for Medicaid (1.5% after All-Payer TCOC calculation exclusions)

8) OneCare must submit to the Board an updated P&L after attribution has been finalized and the benchmarks for all payer programs have been calculated.

Staff Recommendations:
OneCare Vermont Conditions of Budget Approval
Medicaid Rate Relative to the All-Payer Total Cost of Care Target

Trend Component Breakdown		
Component	**Adjustment**	**Annualized**
Wakely's low IBNR Assumption		1.005
Non-Dartmouth Assumptions (2-years)	1.066	1.033
Trend 2-Years (utilization)	*1.013*	
Trend 2-Years (unit cost)	*1.035*	
ACO Efficiency	*0.998*	
Population Adjustment	*1.019*	
Dartmouth Adjustment		1.024
Total Annualized Adjustment		1.062
APM Trend	1.031	1.015

Staff Recommendations:
OneCare Vermont Conditions of Budget Approval
Risk

9) The maximum amount of risk OneCare may assume for 2018 is the sum of the following: 4% of the Medicare benchmark; 3% of the Medicaid benchmark; and 3% of the commercial benchmark. OneCare must request and receive an adjustment to its budget prior to executing a contract that would cause it to exceed these risk levels.

Staff Recommendations:
OneCare Vermont Conditions of Budget Approval
Risk Mitigation

OneCare must implement the delegated risk model it described in its budget proposal, except that it must:

10) Provide the Board by January 15, 2018, contracts that obligate each of the risk-bearing hospitals to OneCare's risk sharing policy;

11) Provide the Board by January 15, 2018, a policy approved by OneCare's Board of Managers which delegates risk to the risk-bearing hospitals in the manner described in OneCare's budget filings;

12) Provide the Board with irrevocable letters of credit from OneCare's founders committing to cover risk-share for Brattleboro Memorial Hospital and Springfield Hospital;

13) Establish reserves of at least $1.1 million by July 1, 2018 and at least $2.2 million by December 31, 2018; and,

14) Notify the Board promptly regarding its intent to purchase aggregate total cost of care reinsurance for 2018.

Staff Recommendations:
OneCare Vermont Conditions of Budget Approval
Primary Care and Population Health Investments

15) OneCare must fund SASH and Blueprint for Health payments (CHT and PCP) at 2017 levels plus an inflationary rate of 3.5% in both risk and non-risk communities, as described in the proposed budget.

16) OneCare must fund its other population health management and payment reform programs—Value-Based Incentive Fund, Basic OneCare PPM, Complex Care Coordination Program, PCP Comprehensive Payment Reform Pilot, and Rise VT—at no less than 3.1% of its overall budget. The Board will monitor this ratio throughout the year to ensure it does not decrease below 3.1%. If the percentage decreases, OneCare must promptly alert the Board.

Primary Care and Population Health Investments, cont'd.

17) No later than the end of the second quarter of 2018, OneCare must submit a payment differential report that describes its Comprehensive Payment Reform Pilot's payment methodology and analyzes how the capitated payments for primary care services under its program compare to the payments hospitals make to primary care providers that are not participating in the pilot. The report should also address how the Comprehensive Payment Reform pilot reduces administrative burden for primary care providers.

18) No later than the end of the second quarter of 2018, OneCare must report to the Board on the number of Medication Assisted Treatment providers in its network and update the Board on its network's capacity for substance use disorder treatment at all levels of care (including preventive care).

Staff Recommendations:
OneCare Vermont Conditions of Budget Approval
Administrative Expenses

19) OneCare must ensure that its administrative expenses are appropriately allocated by state (i.e., between VT and NY).

20) OneCare's administrative expense ratio must be consistent with its proposed budget. If the expense ratio increases by more than one percent (1%) from the budget, OneCare must promptly inform the Board.

21) OneCare's administrative expenses should be less than health care savings generated through the All-Payer Accountable Care Organization Model.

Staff Recommendations:
OneCare Vermont Conditions of Budget Approval
Consumer Protections

22) OneCare must consult with the Office of the Health Care Advocate to establish a grievance and appeals process consistent with Rule 5.000 and submit to the Board a final policy that applies to all aligned beneficiaries.

23) In consultation with GMCB staff, identify a pathway by which potential savings from this model will be returned to participating commercial premium rate payers, initially focusing on those individuals with qualified health plan (QHP) coverage through Vermont Health Connect.

Public Comment Summary Relative to Vote on Budget

- *Obtain, review, and evaluate each of the ACO contracts with all payers and providers*
- *Clear conflict of interest policy for ACO executives*
- *Sufficient and transparent investment in community-based services and interventions that address social determinants of health for vulnerable high-cost populations*
- *Address solvency, risk mitigation, and reinsurance issues*
- *Understand shift in financial risk among payers and providers*
- *Monitor quality,* access, and utilization
- *Appeals and grievance policy and procedures*
- Demonstrate proportion of care in budget spent on primary care
- *Plan for addressing provider pay disparity*
- *Provide SSP performance results*
- *Make clear the flow of revenues and expenses*
- Support for active practitioners, especially primary care, to serve in ACO leadership positions

ACO Certification Update

- The Board must begin certifying ACOs on or before January 1, 2018. Act 113, § 8. To be eligible to receive payments from DVHA or BCBS, OneCare must be certified by the Board. 18 V.S.A. § 9382(a) (effective Jan. 1, 2018).

- The Board may provisionally certify an ACO with conditions, in which case the ACO will be eligible to receive payments from Medicaid or a commercial insurer as specified in 18 V.S.A. § 9382(a). GMCB Rule 5.000, § 5.303(e).

- Staff have reviewed the budget submissions against the certification standards in Rule 5.000 and identified additional documentation OneCare will need to provide us to proceed with certification. Additional time will be needed to review the documentation. The Board should provisionally certify OneCare by vote in early January, 2018, conditioned upon them providing the requested documentation and satisfying to the certification requirements.

Resources

Monitoring ACO Related Hospital Spend

Maximum Risk for Hospitals by Payer

Hospital	Medicare	VT Medicaid	Commercial	Total Risk	Days Cash on Hand*
BMH	$975,363	$142,879	$228,331	**$1,346,573**	**214.8**
CVMC	$2,414,137	$472,455	$610,906	**$3,497,498**	**139.2**
DHMC	0	$147,978	$348,955	**$496,933**	**Data Not Available**
Mt. Ascutney	0	$83,530	0	**$83,530**	**134.3**
NCH	0	$260,281	0	**$260,281**	**196.3**
NMC	$1,162,374	$267,472	$198,260	**$1,628,106**	**260.4**
Porter	$1,565,707	$303,793	$228,205	**$2,097,705**	**109.8**
Springfield	$1,324,004	$221,081	228,205	**$1,773,290**	**112.5**
SVMC	0	$404,598	0	**$404,598**	**41.6**
UVMMC	$6,448,026	$1,260,931	$1,892,954	**$9,601,911**	**181.1**
Total	**$13,889,611**	**$3,564,998**	**$3,735,816**	**$21,190,425**	

*Data from 2018 Budget Submitted, Retrieved 12/15/17, Includes Board Designated Assets