

# **Vermont Medicaid Next Generation ACO Program & 2018 Rate Development**

Green Mountain Care Board Meeting  
December 12, 2017

# DVHA's Strategic Goals

01

Performance

02

Value-Based  
Payments

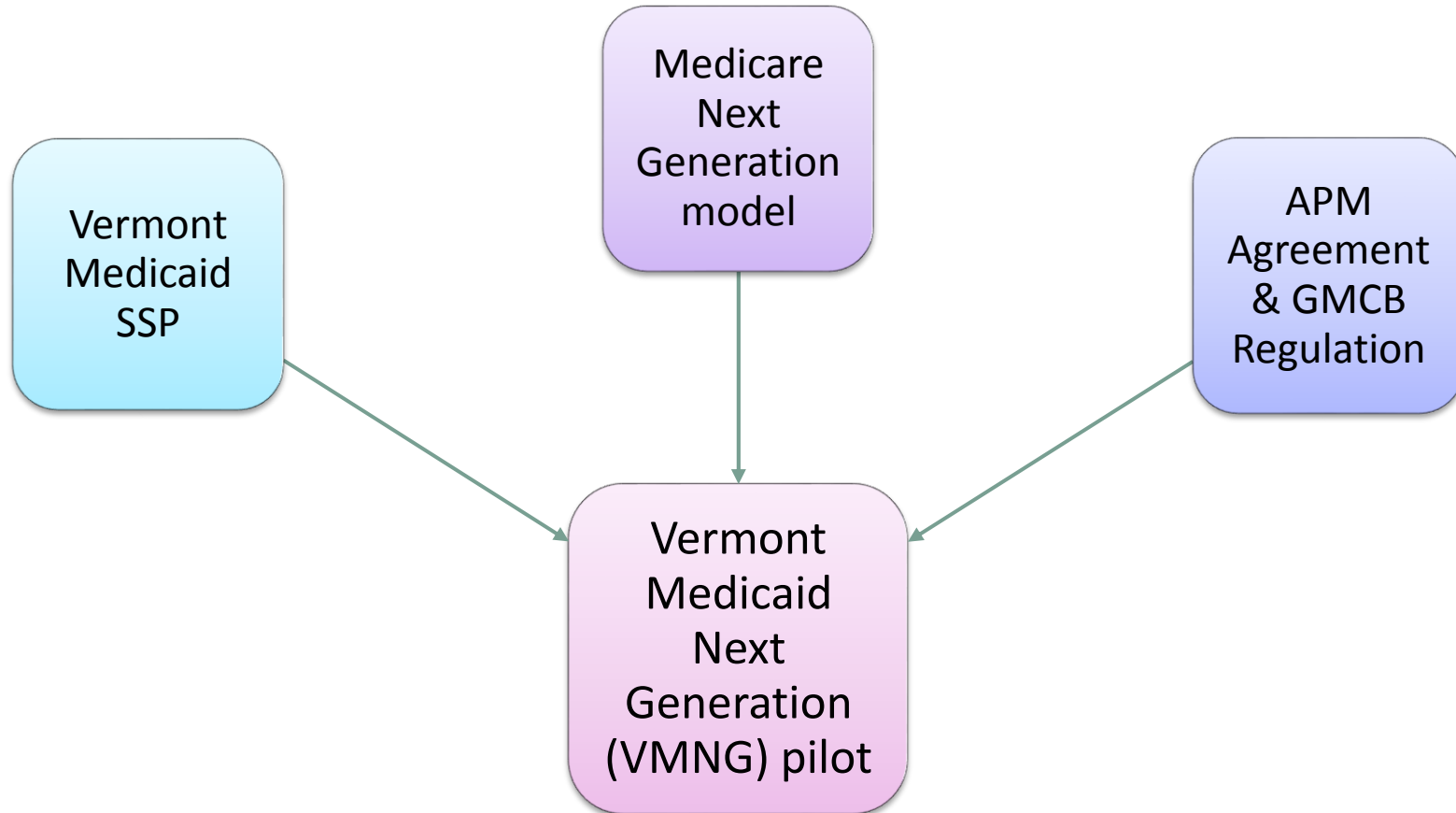
03

Information  
Technology  
Projects

## Why Value Based Payments?

- Vermont has committed to changing payment in a way that would over time reduce cost growth while maintaining access and quality.
- Two widely recognized problems with the current system that we are aiming to change:
  - Fragmentation
  - Incentives

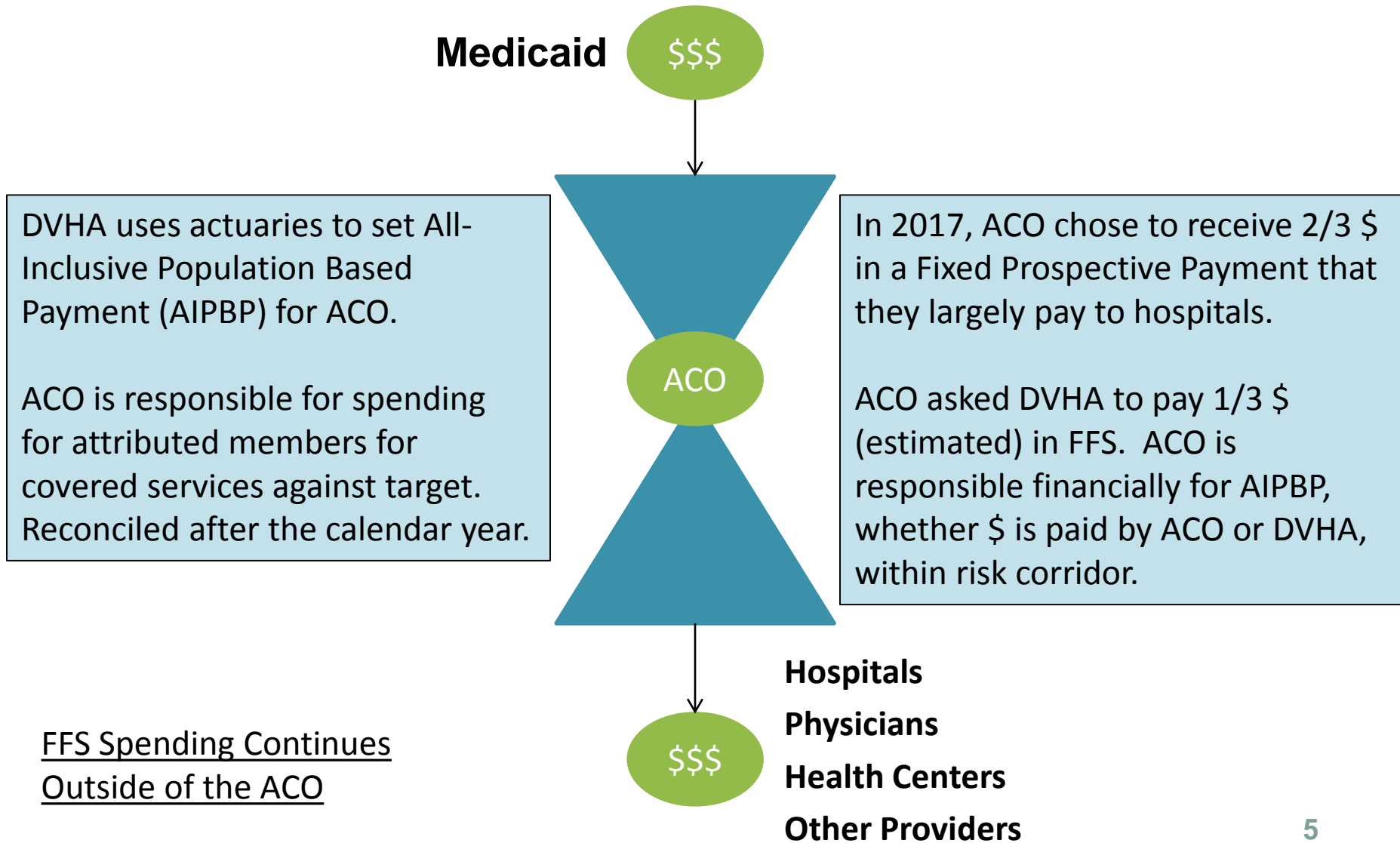
# Vermont Medicaid Next Generation ACO Program



# Vermont Medicaid Next Generation ACO Program

- 2017 pilot year
- ACO network:
  - OneCare Vermont, with participation of University of Vermont Medical Center, Central Vermont Medical Center, Northwestern Medical Center, Porter Medical Center, and additional participation from FQHCs and independent practices in the four communities
    - Approximately 2,000 unique providers
- Attributed population:
  - Approximately 29,000 Medicaid beneficiaries

# The Financial Model: The Math & The Money



# 2017 VMNG Update

- Presently in the final month of the 2017 performance year
  - Because of the claims-lag, it is not yet possible to fully evaluate 2017 financial and quality performance
  - Final 2017 results are expected mid-2018
- Financial information from the first three quarters\* of 2017 indicates that actual spending has been fairly consistent with expected spending
- June 15, September 15, and December 15 VMNG legislative reports contain more detailed information

\*Subject to additional claims run-out and ongoing validation

## VMNG in 2018

- DVHA and OneCare have engaged in contract negotiations for a 2018 performance year
- Mutual goals for 2018 are to:
  - Minimize programmatic changes from 2017 to 2018
  - Increase the number of providers and communities voluntarily participating in the program
  - Increase the number of Medicaid beneficiaries attributed to the ACO
  - Ensure programmatic alignment between the VMNG, Medicare, and commercial payer programs in 2018
- Engaged Wakely in ACO rate development for 2018 performance year

## Specific Question: 2018 Trend

- How are rates developed?
  - Take 2016 claims experience
  - Make adjustments for utilization trends
  - Make adjustments for payment rate trends
  - Make adjustments for any changes in policies and benefits
  - Make adjustments for changes in covered population between the experience and projection years
  - Make adjustments for expected ACO efficiency
  - Add cost of administration assumed by the ACO
  - Add risk margin



# Repricing

- Burns & Associates supplies a file that includes the original payment on each claim along with a repriced amount that reflects what the payment would have been if it was submitted at the start of the new ACO contract year (January 2018)
  - Data repriced for four historical years to allow rate changes across years to be controlled in utilization trend analyses
- The services that were repriced and the rate schedule used in repricing include:
  - Inpatient hospital services (last rate change effective 10/1/16)
  - Outpatient hospital services (last rate change effective 10/1/17)
  - Professional services (last rate change effective 8/1/17)

# Adjustments

	ABD	Consolidated Adult	Consolidated Child	Total
2016 Base Claims Experience PMPM	\$565.54	\$315.11	\$104.49	\$223.29
<b>2016 Base Period Adjustments</b>				
Incurred but Not Paid (IBNP) Adjustment	1.010	1.015	1.004	1.011
Adjusted 2016 Base Claims Experience	\$571.10	\$319.69	\$104.95	\$225.80
<b>2018 Period Adjustments</b>				
Trend 2-Years (utilization)	1.010	1.010	1.023	1.013
Trend 2-Years (unit cost)	1.045	1.030	1.036	1.035
Dartmouth Hospital Adjustment	1.027	1.030	1.008	1.024
ACO Efficiency	0.998	0.998	0.998	0.998
Population Adjustment	0.987	1.035	1.006	1.019
2018 Estimated Claims PMPM	\$609.40	\$353.93	\$112.38	\$246.45
<b>2018 Period Adjustments - Provider Rate vs Others</b>				
Provider Payment Rate - Annualized	1.036	1.030	1.021	1.029
All Other - Annualized	0.997	1.021	1.013	1.015
Total - Annualized	1.033	1.052	1.035	1.045
	\$609.40	\$353.93	\$112.38	\$246.45

- Annualized Adjustments for Provider Payment Changes: **2.9%**
- Annualized Adjustments, Other: **1.5%**

# Comparing to Budget Submission

- OneCare's "Trend" is all adjustments combined
  - OneCare started with Wakely's low assumption for completion factors for 2016 starting PMPMs.
  - OneCare then calculated the impact of *non-Dartmouth* adjustment assumptions from 2016 to 2018 of 7.2% over the two years (or 3.6% a year).
    - If the non-Dartmouth provider payment changes (i.e. repricing) are removed from this step, the 3.6% would be reduced to 1.8% annualized.
  - OneCare assumes the 3.6% annual trend for both 2016 to 2017, and 2017 to 2018.
  - OneCare then adds the one-time Dartmouth impact of 2.4% to 2017 to 2018 trends, so the 2017 to 2018 trend becomes 6.1%.