



State of Vermont
Agency of Human Services

Michael K. Smith, *Secretary*

Office of the Secretary
280 State Drive
Waterbury, VT 05671-1000
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Tuesday, December 22, 2020

Re: OneCare Vermont 2021 proposal for Blueprint for Health

Dear Chair Mullin,

OneCare Vermont's 2021 budget proposes to increase Blueprint payments from Medicare advanced shared savings to those hospitals that are participating in the Vermont Medicare Accountable Care Organization (ACO) initiative. Hospitals and practices that are not participants in the initiative will receive Blueprint payments at the same amount as in 2020. The proposed funding allocation is a departure from OneCare's past budgets where funding for Blueprint program participants grew uniformly. As requested, this memo provides my feedback on OneCare's proposal.

As you know, in November 2020, AHS released a plan, called the "Implementation Improvement Plan: Vermont All-Payer Accountable Care Organization Model Agreement." The plan includes a series of recommendations that will guide AHS and other Agreement signatories, where applicable, in performing improvement activities designed to achieve the Agreement's intended outcomes. A central theme of this plan is to accelerate the move away from fee-for-service reimbursement and for more providers to participate in risk-based payment models.

In my assessment, OneCare's proposal aligns with the Implementation Improvement Plan in the following ways:

1. The improvement plan was prompted, in part, by the state's underperformance on agreement scale targets for two consecutive performance years. Increasing scale of participation in the Medicare payment model is important to maximize performance in the federal-state agreement. OneCare's proposal offers an incentive to hospitals participating in the Medicare agreement and is directionally consistent with rewarding participation over non-participation.
2. Offering an incentive to hospitals bearing risk in the Medicare ACO initiative also demonstrates alignment with the goal for providers to take risk and to move more quickly away from fee-for-service reimbursement. In this proposal, hospitals are offered an award for assuming risk in a fee-for-service alternative.

For the reasons stated above, I support OneCare Vermont's proposal to provide additional Blueprint for Health funding to those hospitals and practices that are participating in the Medicare ACO initiative while maintaining Blueprint funding at previous levels for non-participating practices and hospitals. My team will work to amend the AHS Blueprint for Health/OneCare Vermont contract to be sure that payments are apportioned consistent with this proposal.

Sincerely,


Michael K. Smith
Secretary, Agency of Human Services (AHS)