

2020 Medicare Benchmark Recommendation

December 11, 2019

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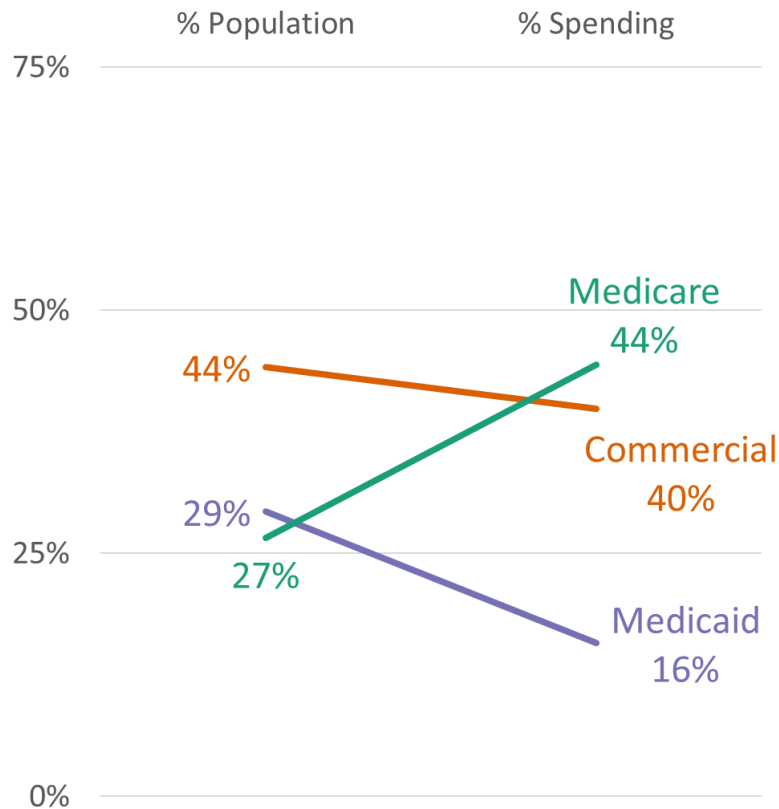
Medicare Benchmark: Obligations from the All-Payer Model Agreement

The State must propose benchmarks that:

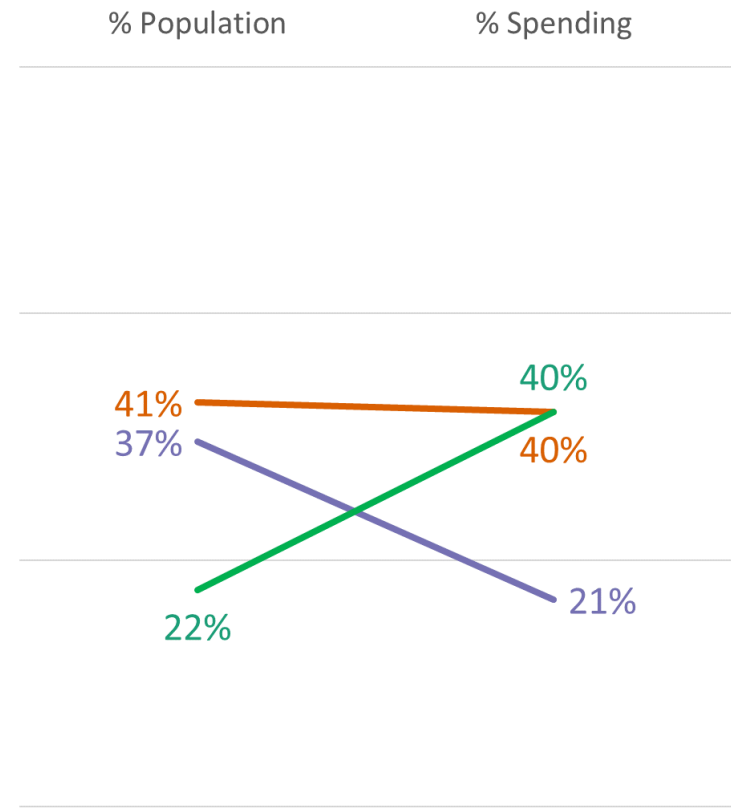
- Enable achievement of Statewide Financial Targets
 - **All-Payer** Total Cost of Care Growth of 3.5% or less
 - **Medicare** Total Cost of Care Growth of 0.2 percentage points below national projections or less

Proportion of Population versus Proportion of Spending

Statewide



2020 ACO Budget



Growth Projection Scenarios

| | 2017 Base Year | 2018* PY1 | 2020 projection | | |
|---|-------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | | Low Growth | High Growth | Best Estimate |
| Medicaid | \$258 | \$276 7.0% | \$279 2.6% | \$325 8.0% | \$285 3.3% |
| Commercial | \$462 | \$464 0.5% | \$509 3.3% | \$561 6.7% | \$550 6.0% |
| Medicare | \$841 | \$856 1.8% | \$898 2.2% | \$927 3.3% | \$899 2.2% |
| All-Payer Total Cost of Care | \$500 | \$513 2.6% | \$548 3.1% | \$592 4.9% | \$568 4.3% |

Medicare Benchmark: Trend Factor

The trend factors used to calculate the benchmark are limited by national projections released each April.

| Calendar Year | Projected PBPM | |
|---|----------------|--------------|
| | Non-ESRD | ESRD |
| 2020 | \$940.81 | \$7,795.38 |
| 2019 | \$903.21 | \$7,563.53 |
| Projected Growth | 4.16% | 3.14% |
| Maximum Allowable Trend (0.2 percentage points below projected trend) | 3.96% | 2.94% |

Benchmark Recommendation: Non-ESRD

- Use a trend rate of 3.5%
- With the updated attribution, each 0.1% increase in the trend rate is estimated to increase the All-Payer Total Cost of Care Growth by \$1

$$\$9,947^1 * 58,575^2 * 1.035 = \$603,018,791 (\$858 \text{ PBPM})$$

(Base Experience) (Attribution) (Trend Rate)

¹ Estimated base experience may change with additional data.

² Last year's attribution as placeholder.

Benchmark Recommendation: ESRD

- Use maximum allowable ESRD trend rate of 2.9%

$$\$76,276^1 * 207^2 * 1.029 = \$16,241,454 (\$6,538 \text{ PBPM})$$

(Base Experience) (Attribution) (Trend Rate)

¹ Estimated base experience may change with additional data.

² Last year's attribution as placeholder.

Benchmark Recommendation: Advanced Shared Savings

- Include \$8.2 million dollars for continued investments in the Blueprint for Health and the SASH program
- CMS will advance these shared savings on a quarterly basis, which will help ensure steady funding for these valuable programs
- These savings will be netted when settling ACO performance for 2020

Benchmark Recommendation

Benchmark Calculation

| | | | | | |
|--------------------------------|---|---|---|---|-----------------------------------|
| VT PY 2020 ACO Benchmark | = non ESRD benchmark calculation | + | ESRD benchmark calculation | + | Shared savings |
| | = (2019 historical PMPY non ESRD x # of prospectively aligned ACO benes for 2020 non ESRD x 2020 trend factor non ESRD) | + | (2019 historical PMPY ESRD x # of prospectively aligned ACO benes for 2020 ESRD x 2020 trend factor ESRD) | + | |
| | = (\$9,947 x 58,575 x 1.035) | + | (\$76,276 x 207 x 1.029) | + | |
| | = \$ 603,018,791 | + | \$ 16,241,456 | + | \$8,242,374 |
| VT PY 2020 ACO Benchmark | = \$ | | 627,502,621 | | Blueprint and SASH Investments |

Estimated base experience may change with additional data. Attribution numbers will be updated once finalized.

Questions?