

2021 Medicare Benchmark Recommendation

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APM vs ACO

Financial Targets

All-Payer Model Agreement (*State of Vermont and CMS*)

- Sets a statewide target to limit per person average growth to 3.5 to 4.3% between 2017 and 2022.

Medicare Participation Agreement (*CMS and OneCare Vermont*)

- Sets annual, prospective targets (“Benchmarks”) for the spending for Medicare beneficiaries attributed to OneCare Vermont.

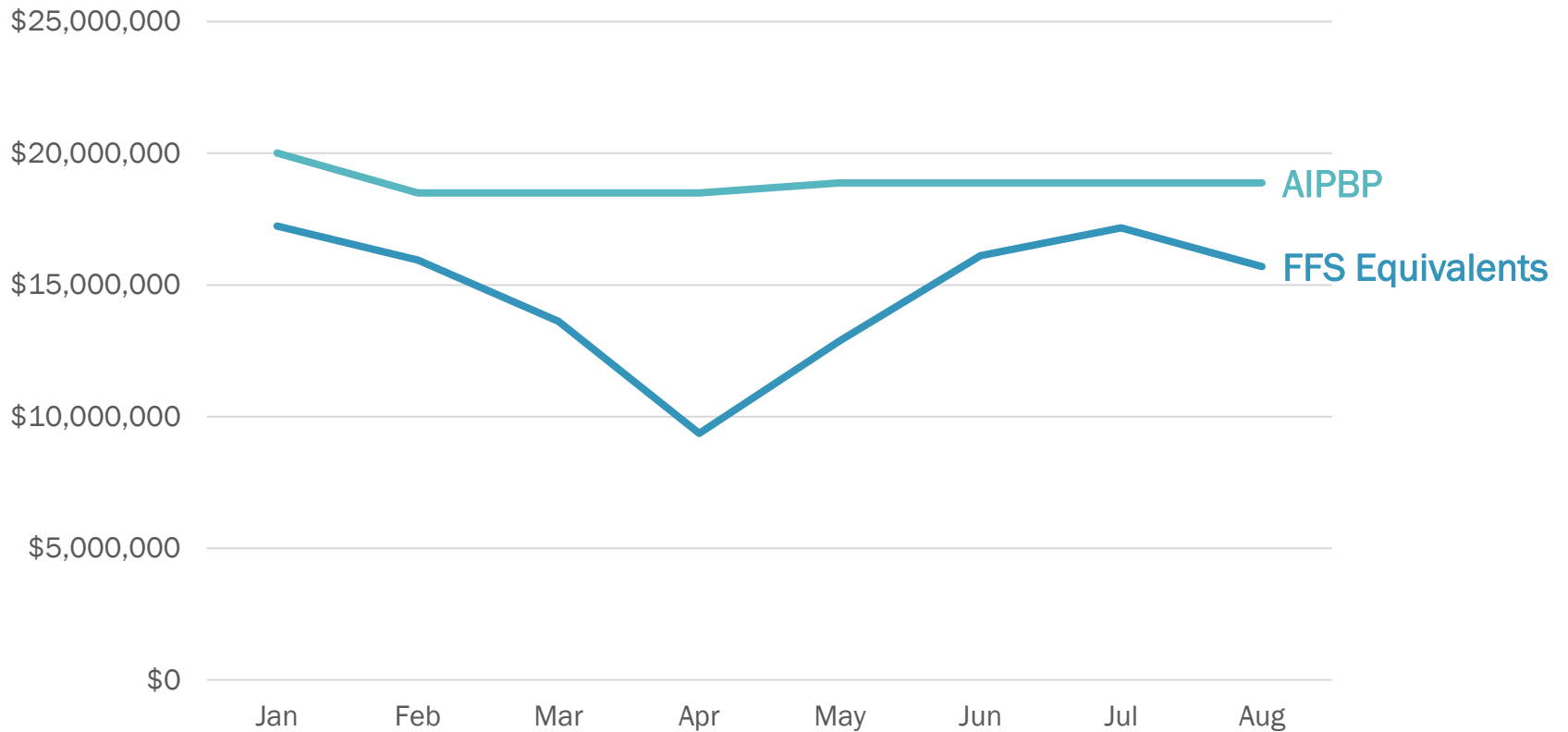
“Benchmark?”

- The Medicare Benchmark is the ACO’s **financial target** for a performance year (PY) of the Vermont Medicare ACO Initiative, as described in the Vermont All-Payer Accountable Care Organization Model Agreement (“the Agreement”) between the State of Vermont and Centers of Medicare & Medicaid Services (CMS).
- According to the Agreement, the GMCB must propose Benchmarks to CMS prior to each PY.
- CMS may approve or request revision of GMCB’s proposal.
- These targets are *not the same as the*:
 - State-level financial targets outlined in the Agreement
 - Medicare’s All-Inclusive Population Based Payments (AIPBP)

AIPBP vs Benchmark

- AIPBP is a means for making revenue more stable and consistent. It uses historical spending for providers who opt for this type of payment to estimate the total expenditures for the upcoming PY, which the ACO distributes to its network.
- However, these prospective payments to the ACO are reconciled to what Medicare would have normally paid for the care attributed patients received during the PY.
- The reconciled amounts are included in the ACO's Total Cost of Care (TCOC).

2020 AIPBP vs Incurred Expenses



Paid through Nov 2020

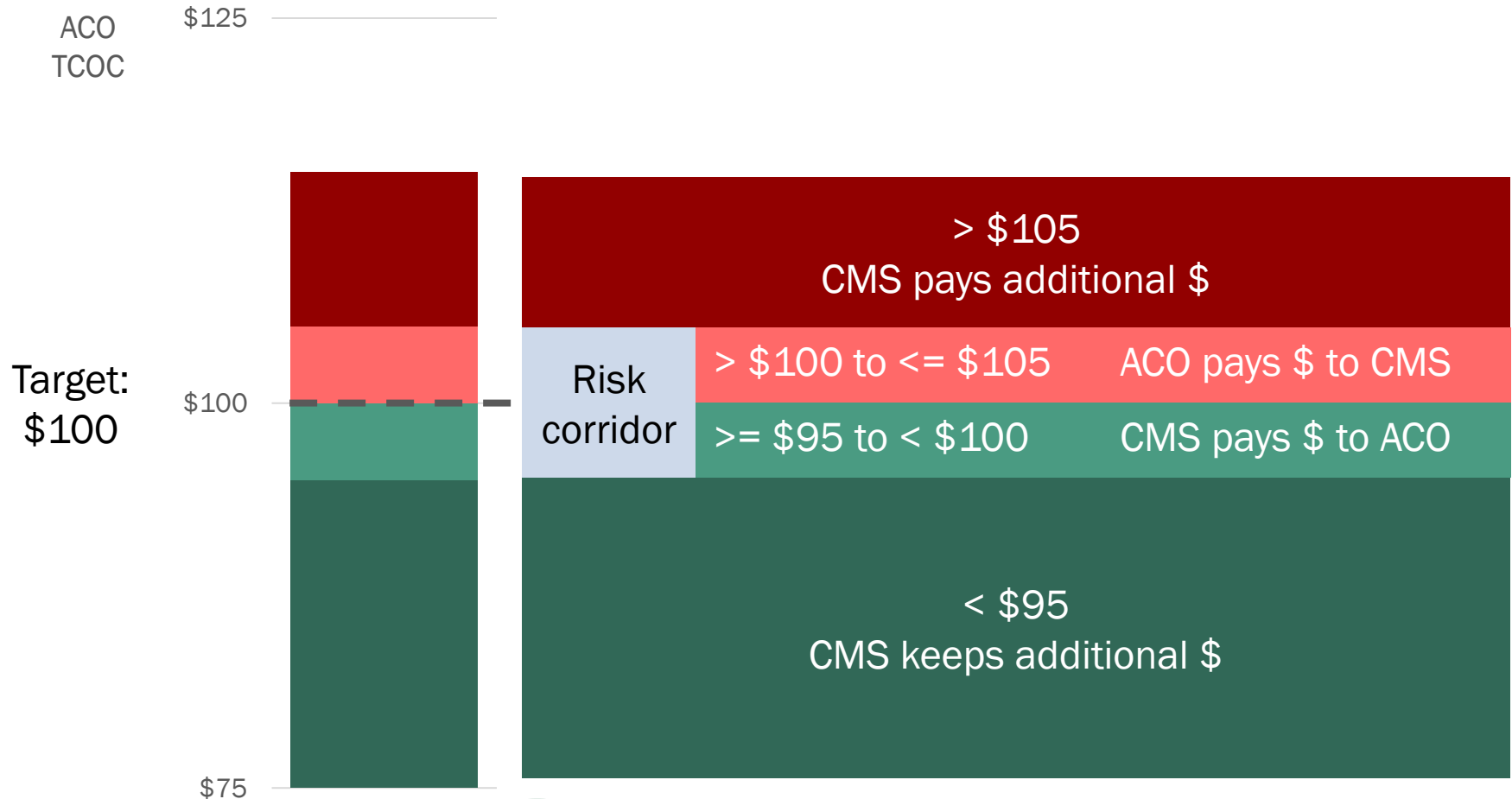
ACO TCOC for Medicare

- This is the actual spending that occurred for beneficiaries attributed to the ACO for the PY:

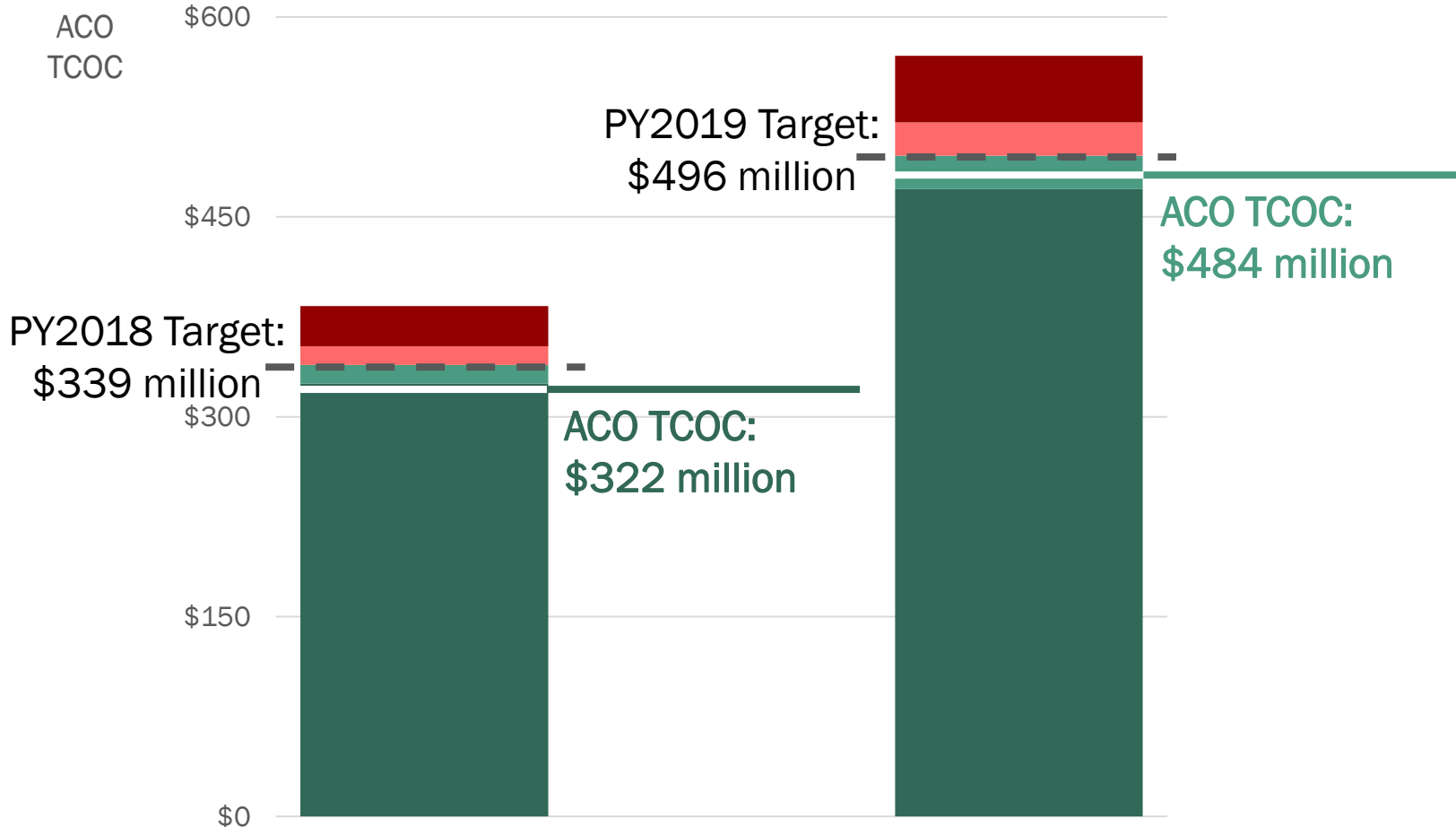
ACO TCOC = Fee-for-service (FFS) payments +
FFS equivalents prepaid through AIPBP

- The ACO's TCOC is compared with the Benchmark to determine the shared savings or losses for the PY. This comparison happens at the ACO level (i.e., not at the participating hospital level).

Example Benchmark



OneCare Performance



PY3 (2020) Benchmarks

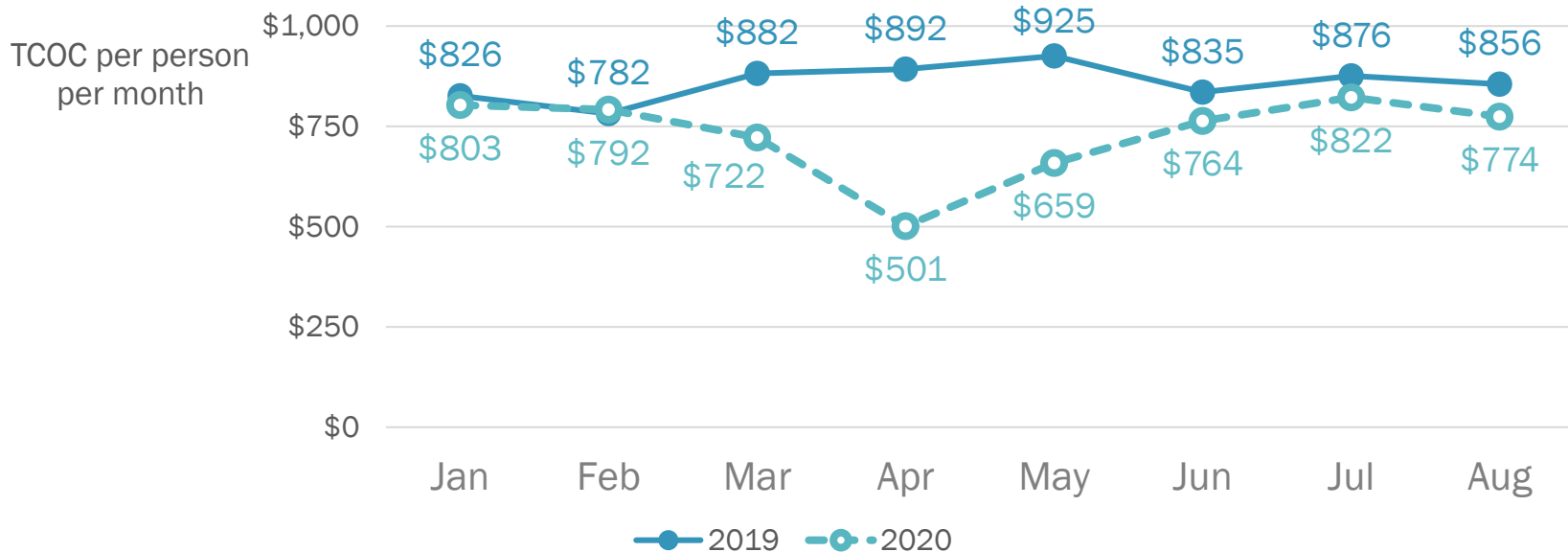


- In October 2020, the GMCB unanimously voted to amend its proposal to CMS to account for the public health emergency (PHE) posed by COVID-19.
- For 2020, the Medicare Benchmark will use a *retrospective* trend factor based on the actual change in expenditures between 2019 and 2020.
- This allows for additional financial flexibilities, such as eliminating any potential downside risk to the ACO and removing COVID episodes from their TCOC.

VT Medicare Population Eligible for ACO Attribution



2019	2020	Trend*
\$859	\$748	-13%



* Services incurred through Aug 2020 and paid through Nov 2020

2021: A riddle wrapped in a mystery inside an enigma

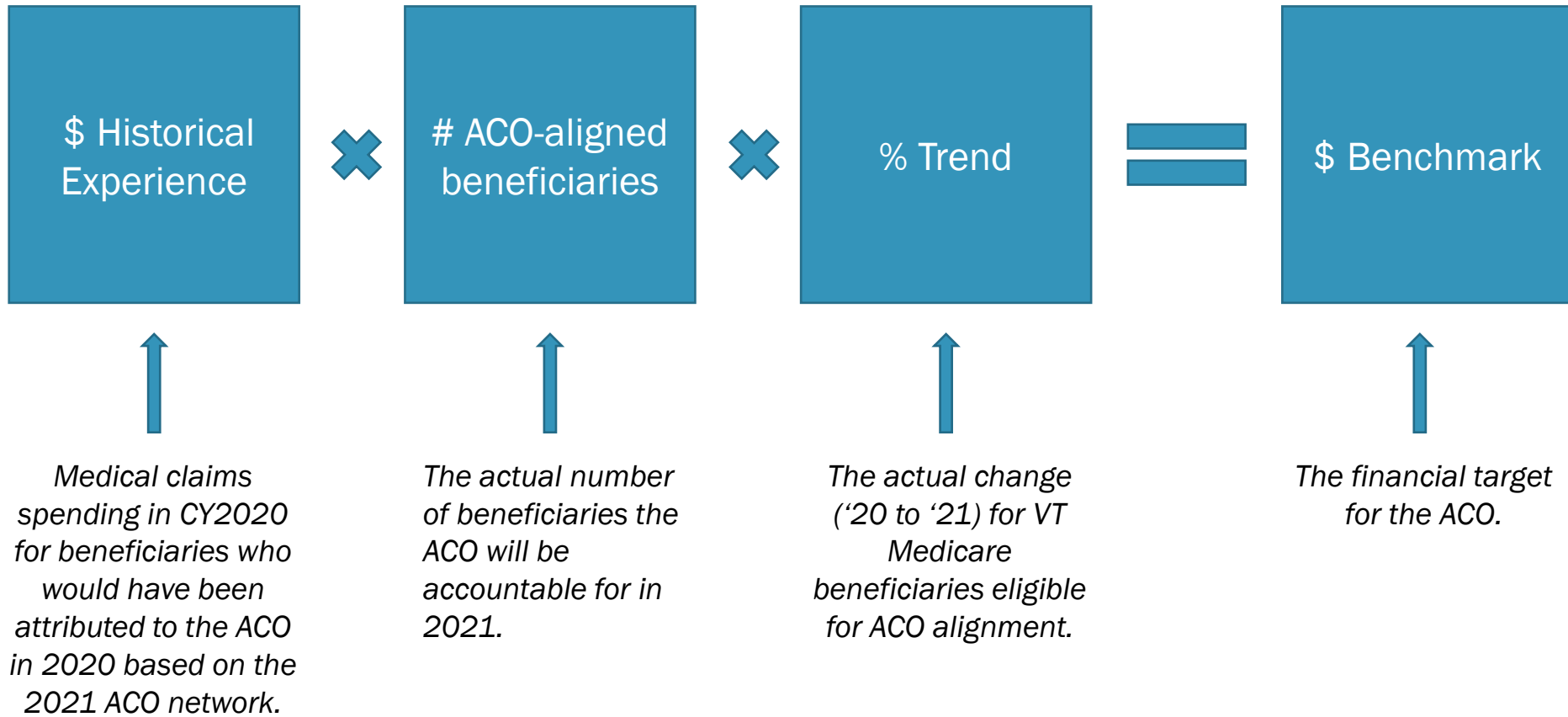


- The pandemic brings extreme uncertainty to setting targets for 2021. The pace of recovery, effects of deferred care, and costs associated with vaccination are extremely difficult to predict.
- Expenditures in 2020 will be well below a typical year, which will likely mean growth from 2017 to 2020 will satisfy the goals of the Agreement. Access to quality care and providers may consequently be of more concern for 2021.
- The advantages of predictable and stable payments has never been more tangible.

Staff recommendation: 2021 Benchmark

- Propose to replicate the 2020 Benchmark methodology in 2021:
 - Use actual claims experience for the beneficiaries who would have attributed to OneCare in 2020 using the 2021 network.
 - Calculate the actual change in claims between 2020 and 2021 for all Vermont Medicare beneficiaries eligible for attribution to the ACO. Use this statewide trend to determine the experience target for 2021.
 - Extend the PHE protections to the ACO:
 - Remove COVID episodes from the TCOC
 - Eliminate downside risk during the PHE

Staff recommendation: 2021 Benchmark

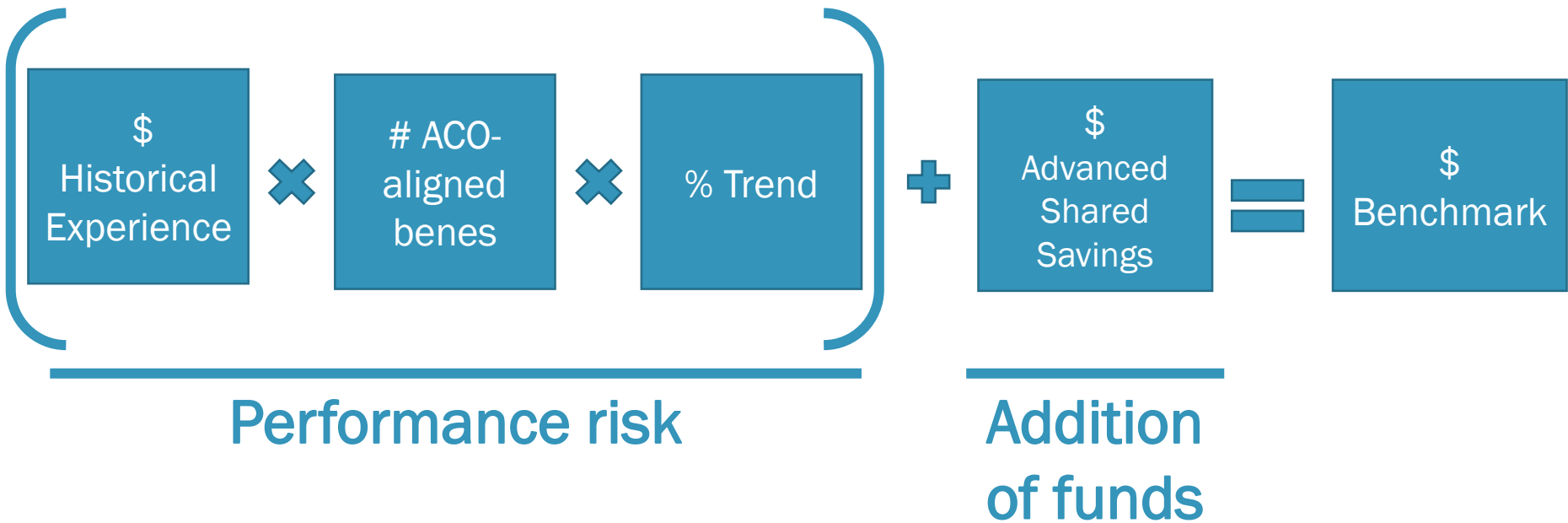


Advanced Shared Savings



- Medicare's investments in the Blueprint for Health Programs through the time-limited Multi-payer Advanced Primary Care Practice Demonstration ended in 2016, i.e.
 - Primary Care Medical Home (PCMH)
 - Community Health Team (CHT)
 - Support and Services at Home (SASH)
- The Agreement included provisions to allow the State to continue funding these programs through Advanced Shared Savings.
- The funding is attached to the Medicare Benchmark, but does not represent *performance risk*. The advance is reconciled at settlement.

Advanced Shared Savings in the Medicare Benchmark



Medicare Settlement Example – Shared Savings



Including advanced savings

Without advanced savings

A	Performance Benchmark	\$400,000,000
B	Advanced Savings	\$8,000,000
C	TOTAL BENCHMARK (A) + (B)	\$408,000,000
D	ACO TCOC	\$395,000,000
E	Quality withhold	-\$200,000
F	Gross savings (C) – (D) + (E)	\$12,800,000
G	Net savings (F) – (B)	\$4,800,000

A	Performance Benchmark	\$400,000,000
B	Advanced Savings	\$0
C	TOTAL BENCHMARK (A) + (B)	\$400,000,000
D	ACO TCOC	\$395,000,000
E	Quality withhold	-\$200,000
F	Gross savings (C) – (D) + (E)	\$4,800,000
G	Net savings (F) – (B)	\$4,800,000

Medicare Settlement Example – Shared Losses



Including advanced savings

Without advanced savings

A	Performance Benchmark	\$400,000,000
B	Advanced Savings	\$8,000,000
C	TOTAL BENCHMARK (A) + (B)	\$408,000,000
D	ACO TCOC	\$405,000,000
E	Quality withhold	-\$200,000
F	Gross savings (C) – (D) + (E)	\$2,800,000
G	Net losses (F) – (B)	-\$5,200,000

A	Performance Benchmark	\$400,000,000
B	Advanced Savings	\$0
C	TOTAL BENCHMARK (A) + (B)	\$400,000,000
D	ACO TCOC	\$405,000,000
E	Quality withhold	-\$200,000
F	Gross losses (C) – (D) + (E)	-\$5,200,000
G	Net losses (F) – (B)	-\$5,200,000

Investment Amount is an ACO Budget Decision

- The ACO budgeted \$8,401,660 in advanced shared savings for PY3 (2021), which is the same amount budgeted for PY2 (2020).
- The GMCB has set a minimum amount for the ACO to invest in these programs in past ACO budget orders.
- The advanced savings in the Benchmark is a mechanism for using federal dollars to fund these investments. The amount included in the Benchmark does not change the performance risk to the ACO.