

AHEAD Model Update

December 9, 2024

Acknowledgements

- We would like to recognize the extensive work of the AHEAD negotiating team and supporting staff:
 - From GMCB (Board Member Robin Lunge, Board Member David Murman, and Staff Member Michele Degree)
 - From AHS (Secretary Jenney Samuelson, Health Care Reform Director Brendan Krause, Administrative Services Director Fran Hodgins, Health Services Researcher Geoff Battista, and most recently, Deputy Health Care Reform Director Sarah Rosenblum)

Background and Context (1 of 2)

- Vermont engaged in extensive work prior to applying for the AHEAD Model through the multi-stakeholder Health Care Reform Work Group and several subgroups.
 - Beginning in Summer 2022, the Short-Term Provider Stability Subgroup developed workforce, system flow, revenue and regulation recommendations to improve short-term provider stability.
 - Beginning in Fall 2022, work began to compare models and establish a framework to inform discussions on a future multi-payer model.
 - Beginning in February 2023, technical subgroups began discussions on design of a Vermont-specific hospital global budget methodology and Medicare waivers that might be beneficial to Vermont.
- Vermont also engaged in regular discussions with the Centers for Medicare & Medicaid Services (CMS) to learn more about and provide input on AHEAD Model design.

Background and Context (2 of 2)

- Since the acceptance of Vermont into AHEAD in July 2024, the Agency of Human Services (AHS) and the Green Mountain Care Board (GMCB) have jointly been negotiating with CMS on the terms of the potential AHEAD agreement.
- Maryland was the only other state accepted by CMS to commence AHEAD as early as January 2026 (“Cohort 1”). Maryland signed its State Agreement with CMS on November 1, 2024. Maryland’s AHEAD State Agreement is publicly available (hscrc.maryland.gov).
- **While Vermont has been accepted into Cohort 1 for the AHEAD Model, the State has not yet signed the State Agreement committing us to participate in AHEAD.**
 - Vermont and CMS have agreed to key terms in the Agreement; over the next month Vermont and CMS working to finalize the State Agreement language.

AHEAD Model At-A-Glance

The States Advancing All-Payer Health Equity Approaches and Development, or the AHEAD Model, is a flexible framework designed to improve health outcomes across multiple states.

Statewide Accountability Targets

Total Cost of Care Growth (Medicare & All-Payer)
Primary Care Investment (Medicare & All-Payer)
Equity and Population Health Outcomes via State Agreements with CMS

8-9
Performance
Years

Components



Cooperative Agreement
Funding



Hospital Global Budgets
(facility services)



Primary Care AHEAD

Strategies

Equity
Integrated
Across Model

Behavioral
Health
Integration

In lieu of "Behavioral Health", VT uses
the term "Mental Health and
Substance Use Disorder
Treatment"

All-Payer
Approach

Medicaid
Alignment

Accelerating
Existing State
Innovations

Source: CMS Presentation from September 26, 2023 AHEAD Model Overview Webinar

AHEAD Model Term Sheet

What is the Term Sheet?

The AHEAD Model Term Sheet is a statement of key points of agreement between Vermont and CMS.

Vermont AHEAD Model Term Sheet, December 2024		
Category	Term	Policy
Medicare FFS TCOC target	Approach to setting the historic benchmark	VT will use a 2023 baseline year weighted at 100%. Baseline expenditures will include non-claims-based payments (VTAPM savings and advanced shared savings payments). These will be trended forward using the trend factor as defined in the TCOC methodology. Baseline will exclude 2023 catheter charges. 2023 BBPY: \$12,040
Medicare FFS TCOC target	Cumulative Savings / Average Savings Component	There will be an expectation of greater than budget neutrality. Vermont must show gross savings beginning in FY1; net savings beginning in FY4. Average cumulative savings over the life of the model: 0.53% below the trend. On an annual basis, this represents a savings component of 0.1% below the trend. Based on current assumptions, Savings are estimated to be about \$79.7M over 9 PYs. Estimated savings figures are illustrative only and will not be included in the State Agreement or Accountability Targets.
Medicare FFS TCOC target	Trend	Vermont will use the weighted average of the United States Per Capita Costs (USPCC) and AHEAD Accountable Care Prospective Trend (ACPT).
Medicare FFS TCOC target	Savings Component Schedule	Constant: 0.1% annually
Medicare FFS TCOC target	Out of state spending	Because Vermont's total out of state spending exceeds 30% of TCOC, if CMS's calculation of TCOC performance demonstrates that the State's out-of-state spending is the cause of the State exceeding its annual Medicare FFS TCOC Target or All-Payer TCOC Growth Target in any two PYs within a period of three consecutive PYs, CMS will not issue a Warning Notice or Enforcement Action.
Medicare FFS PCI target	Medicare FFS Primary Care Investment Target	Maintain existing investment (4.47%) with a final attainment target of 5.17% as calculated by CMS by FY9. Interim targets are to be determined.
Medicare FFS PCI target	Medicare FFS Primary Care Investment Target	CMS will include Blueprint funding (CHT + SASH) that was included in VTAPM in PC spending for the purposes of calculating the Medicare FFS and All-Payer PCI target.
Primary Care	Enhanced Primary Care Payment (EPCP) amount	Average of \$17 PBP/M, with a minimum of \$15 and maximum of \$21. EPCP will be adjusted for inflation annually beginning in FY2.
Primary Care	Care Transformation Requirements	Vermont's statewide Blueprint for Health program, supporting integrated health and community services and advanced primary care, is expected to meet the care transformation requirements in Primary Care AHEAD.

- The terms outlined in the Term Sheet are not final, and the State anticipates that there may be changes to the terms based on further negotiations.
- The Term Sheet and all provisions therein are subject to modification and ratification in a subsequent State Agreement, which requires signatures and approval from AHS, the Governor, and GMCB.
- The Term Sheet is nonbinding and is not a formal action of GMCB.
- Participation in the AHEAD model is contingent upon the Vermont legislature and executive branch appropriating sufficient resources to the GMCB to independently regulate and for the State to implement the model.
- Prior to signing the State Agreement, Vermont is not committed to participating in the AHEAD model.

The Term Sheet is available on the AHS [website](#) and the GMCB [website](#).

Highlights of AHEAD Model Terms

(as of 12/6/2024)

AHEAD Model Terms

Category	Term	Policy
Medicare FFS Total Cost of Care target	Approach to setting the historic benchmark	<p>VT will use a 2023 baseline year weighted at 100%. Baseline expenditures will include non-claims-based payments (VTAPM savings and advanced shared savings payments). These will be trended forward using the trend factor as defined in the TCOC methodology. Baseline will exclude 2023 catheter charges.</p> <p>2023 PBPY: \$12,040</p>

FFS = Fee-for-Service

VTAPM = Vermont All-Payer Model

TCOC = Total Cost of Care

PBPY = Per Beneficiary Per Year

AHEAD Model Terms

Category	Term	Policy
Primary Care	Enhanced Primary Care Payment (EPCP) amount	Average of \$17 PBPM, with a minimum of \$15 and maximum of \$21. EPCP will be adjusted for inflation annually beginning in PY2.

PBPM = Per Beneficiary Per Month

PY = Performance Year

AHEAD Model Terms

Category	Term	Policy
Primary Care	Care Transformation Requirements	<p>Vermont’s statewide Blueprint for Health program, supporting integrated health and community services and advanced primary care, is expected to meet the care transformation requirements in Primary Care AHEAD.</p> <p>To the extent possible, CMS will repurpose the practice and health service area reporting to the State under the Blueprint for the purpose of the reporting requirements of Primary Care AHEAD. By PY4, the state will ensure the Blueprint for Health care transformation requirements evolve to align with the state’s investment and access targets (i.e., to include specialist referrals, specialty care coordination and integration).</p>

AHEAD Model Terms

Category	Term	Policy
Medicare FFS PCI target	Medicare FFS Primary Care Investment Target	Maintain existing investment (4.47%) with a final attainment target of 5.17% as calculated by CMS by PY9. Interim targets are to be determined.

AHEAD Model Terms

Category	Term	Policy
Medicare FFS PCI target	Medicare FFS primary Care Investment Target	CMS will include Blueprint funding (CHT + SASH) that was included in VTAPM in PC spending for the purposes of calculating the Medicare FFS and All-Payer PCI target.

PCI = Primary Care Investment
 CHT = Community Health Team
 SASH = Support and Services at Home Program
 PC = Primary Care

AHEAD Model Terms

Category	Term	Policy
State Designed Hospital Global Budget	Hospital Global Budget Operations Incentive	<p>The state may include in its Proposed State Designed Hospital Global Budget Methodology a Hospital Global Budget Operations Incentive (HGBOI), similar to the Transformation Incentive Adjustment in the CMS Designed Methodology, to incentivize early participation in hospital global budgets and enable hospital investment in care management and care transformation needed to succeed under a hospital global budget. The HGBOI will be an upward adjustment of no less than 2% and up to 3%. PPS Participant Hospitals are eligible for the HGBOI in PY1 through PY3; CAH participants that join before PY5 are eligible for the HGBOI for the first three years of participation.</p>

PPS = Prospective Payment System

CAH = Critical Access Hospital

AHEAD Model Terms

Category	Term	Policy
Equity, Access, and Transformation	Equity, Access, and Transformation Fund	<p>To address known challenges in affordability, equity and access to care across the care continuum, Vermont shall establish an Equity Access and Statewide Transformation Fund (“EAST Fund”) for Vermont health and community service providers. The EAST Fund may be funded by hospital revenue, as directed by the GMCB under its statewide all-payer hospital budget setting authority and as described in the CMS Approved State Designed Hospital Global Budget Methodology. Continued use of Vermont’s CMS-Approved State Designed Hospital Global Budget Methodology is subject to compliance with the Medicare FFS TCOC savings targets and the hospital participation requirements described above. Activities paid for by the Fund must support achievement of the Statewide Accountability Targets, the goals of the AHEAD Model, and be consistent with Vermont law.</p>

AHEAD Model Terms

Category	Term	Policy
State Access to Care Goals	Investment and Access Targets	<p>By PY4, the state must include specific Medicare FFS Investment and Access Targets for services or providers identified as historically underfunded and/or underutilized, to include home health, skilled nursing, mental health, substance use, and selected specialty care related to the Statewide Accountability Targets. The State will submit Investment and Access Targets aligned with AHEAD goals in a State Transformation Plan in conjunction with the Statewide Health Equity Plan, subject to CMS approval. The state may update these Investment and Access Targets in subsequent PYs, subject to CMS approval. The Investment and Access Targets are considered part of the Statewide Accountability Targets, and will be included as a Triggering Event.</p>

AHEAD Model Terms

Category	Term	Policy
Medicare FFS TCOC target	Cumulative Savings / Average Savings Component	<p>There will be an expectation of greater than budget neutrality. Vermont must show gross savings beginning in PY1; net savings beginning in PY4. Average cumulative savings over the life of the model: 0.53% below the trend. On an annual basis, this represents a savings component of 0.1% below the trend. Based on current assumptions, Savings are estimated to be about \$79.7M over 9 PYs. Estimated savings figures are illustrative only and will not be included in the State Agreement or Accountability Targets.</p>

AHEAD Model Terms

Category	Term	Policy
Hospital Global Budget	Payer Participation	The State intends to establish hospital global budget payment methods for commercial payers, no later than PY2 and for each subsequent year. The State will assess options to effectuate ERISA-compliant mandatory participation for implementation by PY3, and will notify CMS of its selected option(s) by the end of PY1.

ERISA = Employee Retirement Income Security Act of 1974

AHEAD Model Terms

Category	Term	Policy
Hospital Global Budget	Hospital Participation	The State will use its authority to ensure that at least 10 percent of the Medicare FFS Net Patient Revenue for eligible Vermont hospitals is under a Medicare Hospital Global Budget for PY1, 50 percent in PY2, 80% in PY3 and PY4, and 85% in PY5 and each subsequent PY.

AHEAD Model Terms

Category	Term	Policy
Enforcement Action and Termination	Termination by the State	The State may terminate the Agreement at any time during the Pre-Implementation period for any reason with 30 days advanced notice to CMS.

AHEAD Model Terms

Category	Term	Policy
Cooperative Agreement	Cohort Selection	The state is evaluating the model for participation in Cohort 1 and may elect to move to Cohort 2 prior to executing the State Agreement, or April 1, 2025, whichever comes first.

Additional AHEAD Model Terms

(as of 12/6/2024)

AHEAD Model Terms

Category	Term	Policy
Medicare FFS TCOC target	Trend	Vermont will use the weighted average of the United States Per Capita Costs (USPCC) and AHEAD Accountable Care Prospective Trend (ACPT)

AHEAD Model Terms

Category	Term	Policy
Medicare FFS TCOC target	Savings Component Schedule	Constant: 0.1% annually

AHEAD Model Terms

Category	Term	Policy
Medicare FFS TCOC target	Out of state spending	Because Vermont's total out of state spending exceeds 30% of TCOC, if CMS's calculation of TCOC performance demonstrates that the State's out-of-state spending is the cause of the State exceeding its annual Medicare FFS TCOC Target or All-Payer TCOC Growth Target in any two PYs within a period of three consecutive PYs, CMS will not issue a Warning Notice or Enforcement Action.

AHEAD Model Terms

Category	Term	Policy
Hospital Global Budget	AAPM status	CMS will evaluate VT's proposed Medicare HGB methodology to determine if it meets criteria to receive AAPM status. CMS is also available to provide TA on AAPM status.

AAPM = Advanced Alternative Payment Model

TA = Technical Assistance

AHEAD Model Terms

Category	Term	Policy
State Designed Hospital Global Budget	Hospital Global Budget Operations Incentive	Hospital Global Budget Operations Incentive is only available to participating hospitals. Hospitals that exit the model prior to PY6 will be required to repay to CMS any Hospital Global Budget Operations Incentive payments.

AHEAD Model Terms

Category	Term	Policy
State Designed Hospital Global Budget	Corrective Action	If the State has less than 80% of Medicare FFS net patient revenue in a global budget in PY3 or less than 85% by PY5 or any subsequent PY, CMS will issue a Warning Notice and may pursue corrective action.

AHEAD Model Terms

Category	Term	Policy
Hospital Global Budget	Blueprint	Vermont shall include in the Proposed State Designed Hospital Global methods how Blueprint funds will be directed to one or more hospital(s) and then directed to Blueprint and SASH, and how the State will hold the hospital(s) accountable for ensuring the Blueprint and SASH funds are distributed.

Timeline and Key Themes from Public Comments

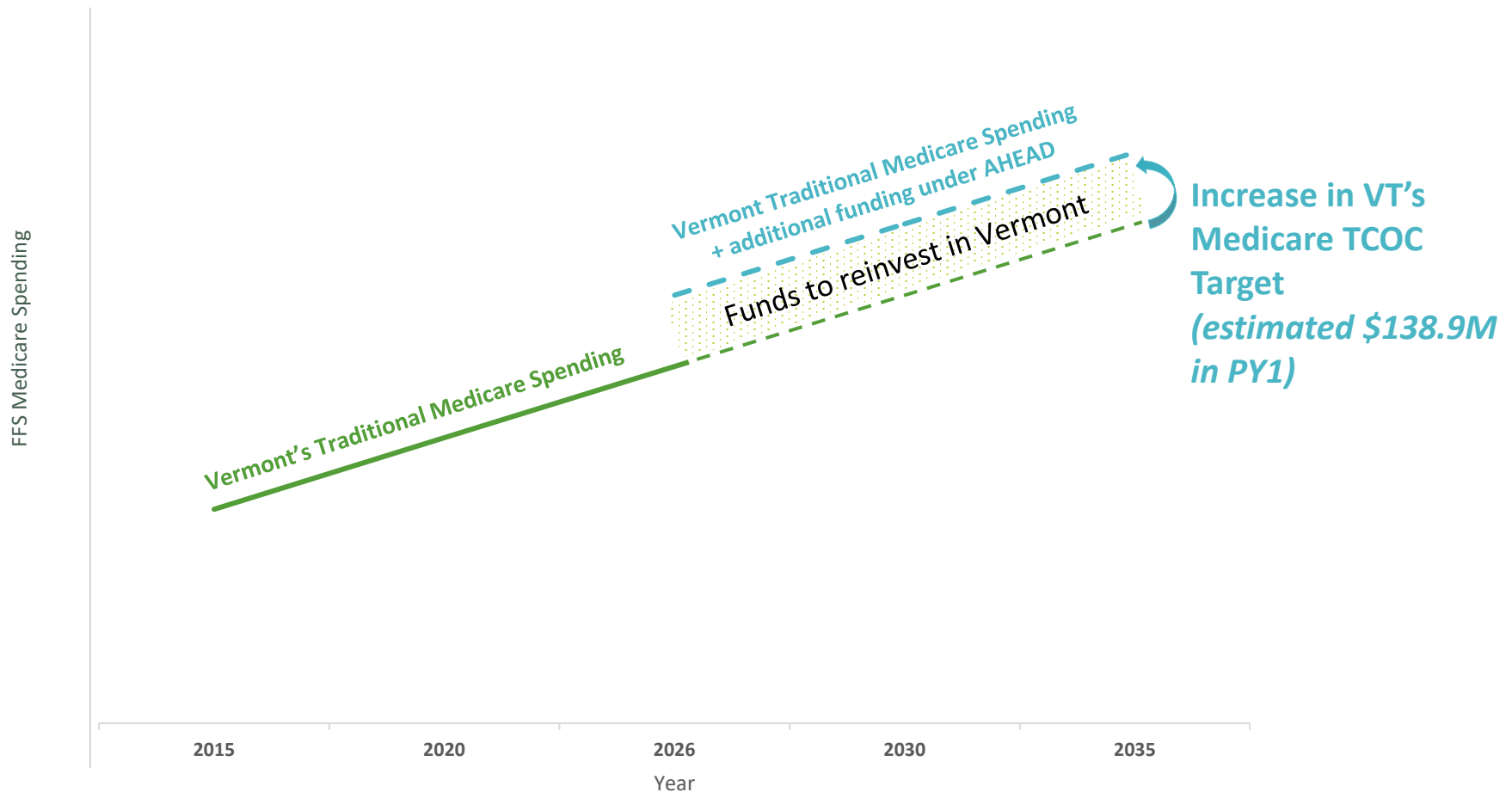
Board Process & Timeline

Date	Topic
<i>Ongoing Public Comment Period</i>	
December 9	Overview of Term Sheet
December 9 - 31	Negotiating team continues to work with CMMI to update State Agreement; ongoing review and consideration of public comments
January 1 – 8	Negotiating team finalizes State Agreement with CMMI
January 8	Negotiating team presents final State Agreement & prepares for Board vote (a vote is noticed for this day)
January 15	Board vote noticed
January 17	All parties sign State Agreement

Public Comment

- Ongoing [public comment period](#) on the AHEAD model since 2023
- Overarching Themes:
 - Funding for Primary Care
 - Access & affordability concerns
 - Primary care
 - Mental health and substance use disorder care
 - Analytic requests
 - Cost/Benefit analyses
 - Fee-for-service counterfactuals
 - Reference-based pricing
 - Administrative burden
 - Advanced Alternative Payment Model Status (MIPS/MACRA exemption)
 - Voluntary/Mandatory participation

How does the increase in Medicare funding support reinvestment in Vermont's health care system?



How will reinvestment work?

