

# APM Update & 2020 Medicare Benchmark Recommendation

November 20, 2019

# APM Update

# Timing

## 1. Changes to yearly reporting:

- Addition of Annual Total Cost of Care reporting to allow for proper claims runout.
- Statewide Health Outcomes and Quality of Care report deadline moved to 12/31 of the year following the performance year. Allowing for claims runout and data availability from external sources.

## 2. Current issues:

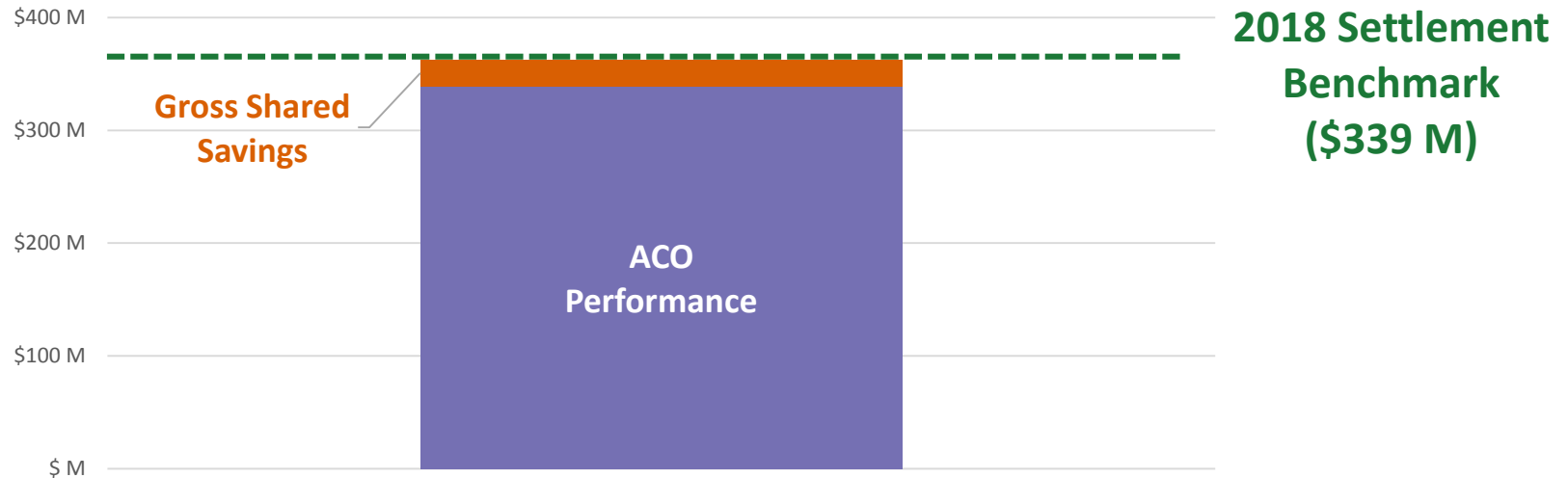
- Lag due to BCBSVT claims processing system change
- Risk Grouper procurement

## 3. Upcoming deliverables:

- 2018 Q4 TCOC Report
- 2018 Annual TCOC Report
- 2018 Annual Statewide Health Outcomes and Quality of Care Report
- Payer Differential Assessment Report
- 2019 Q1 TCOC Report

# 2020 Medicare Benchmark Recommendation

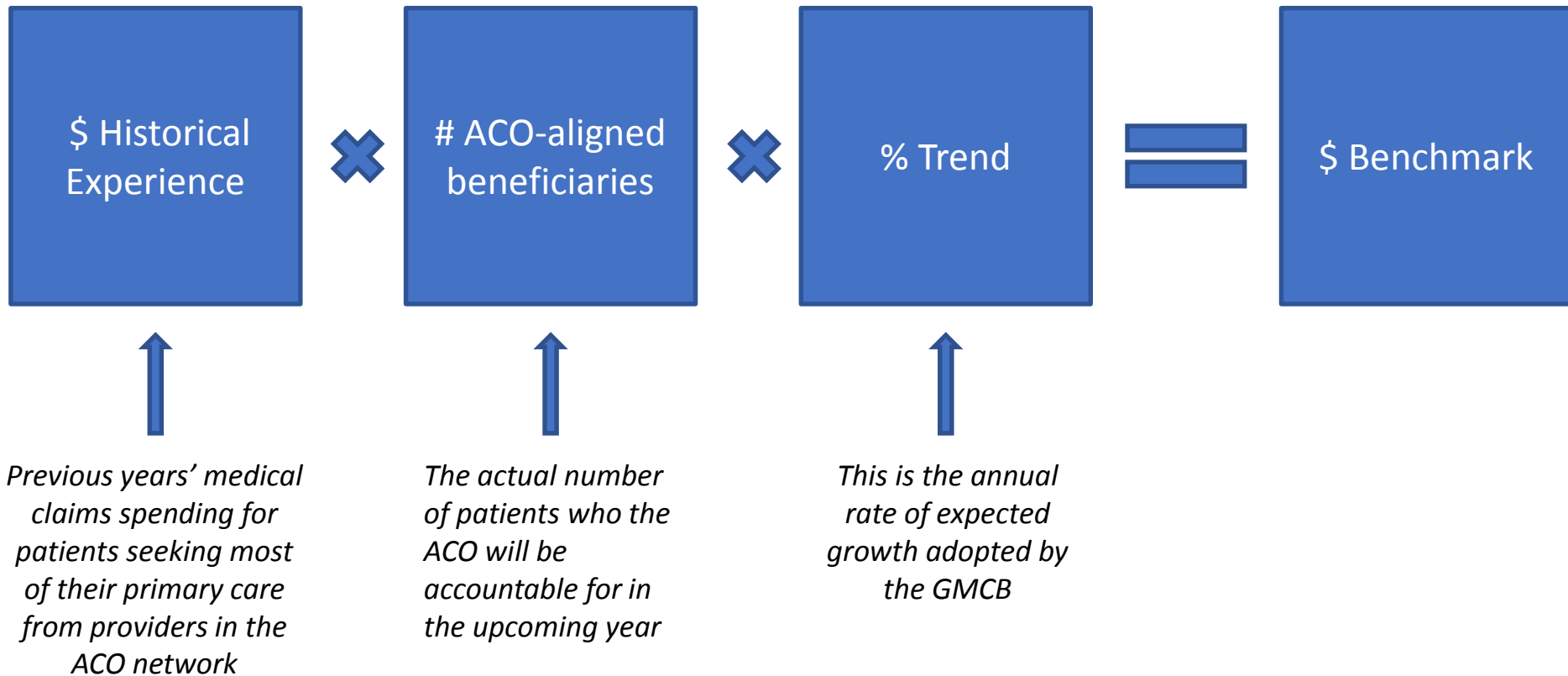
# What is the Medicare Benchmark?



- The Medicare spending **financial target** for an Accountable Care Organization (ACO) participating in Vermont's All-Payer Model Agreement (APM) that determines the amount of **shared savings or losses**
- Each year, new targets must be set prospectively for two sub-populations of ACO-aligned beneficiaries:
  - Beneficiaries living with End Stage Renal Disease (ESRD)
  - All other beneficiaries who are aged or disabled (Non-ESRD)

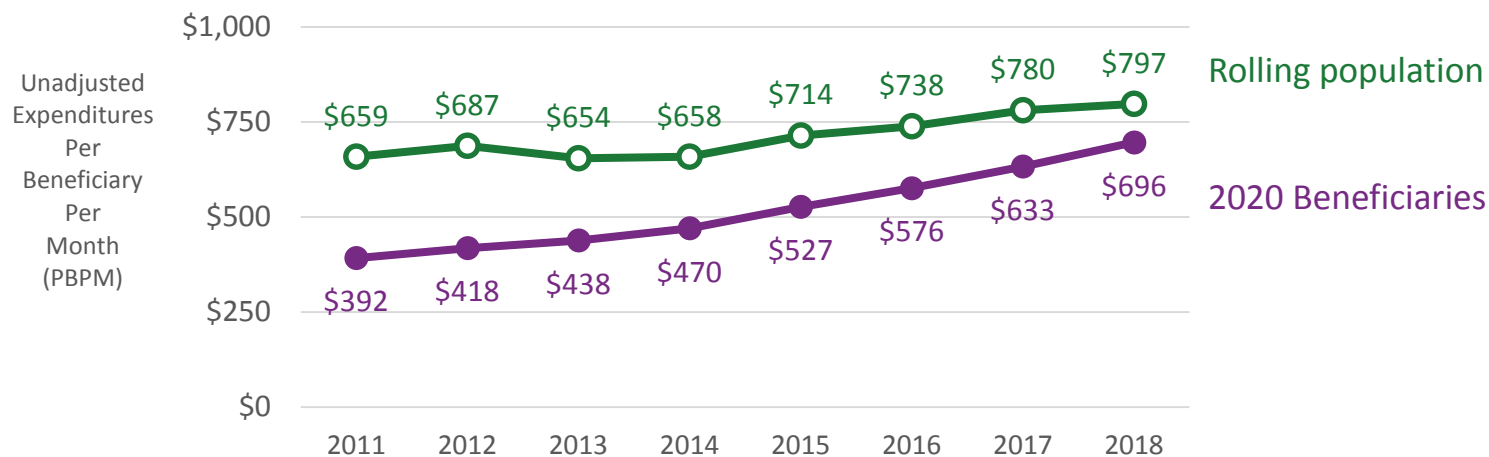
# What is the Medicare Benchmark?

The Medicare benchmark is calculated based on three factors:



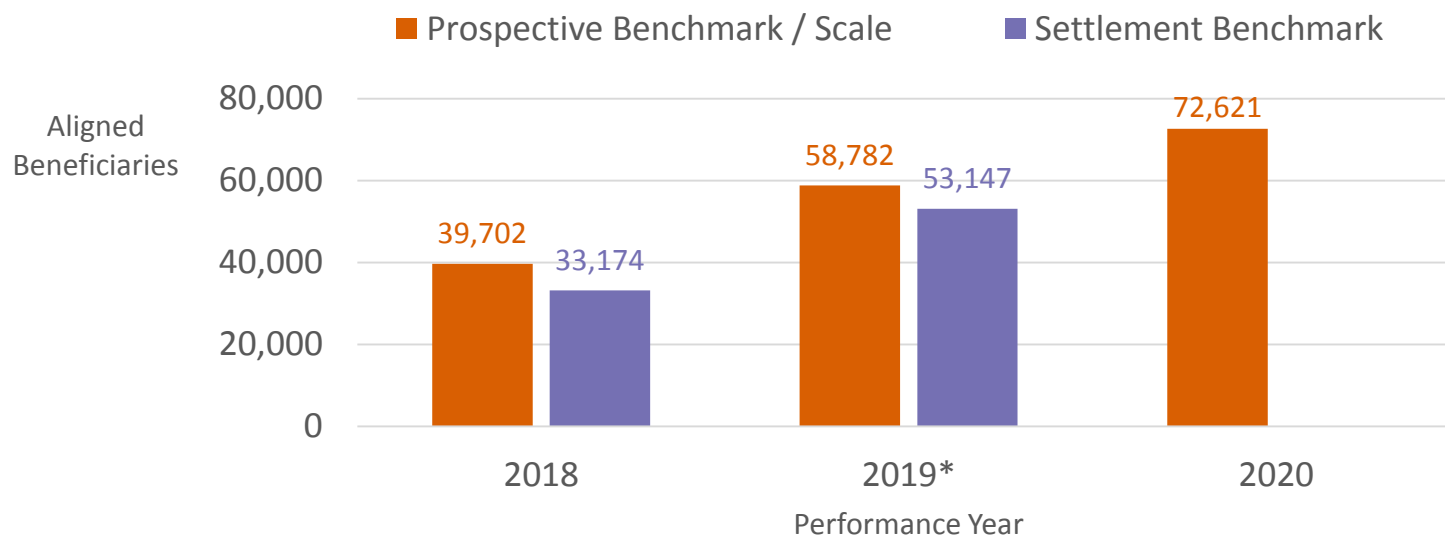
# Medicare Benchmark: Historical Expenditures

Each year, a new set of patients would have been aligned to the ACO based on the 2020 provider network. Using these rolling sets of patients better reflects the risk faced by the ACO than the historical experience of the beneficiaries who will be aligned in 2020.



# Medicare Benchmark: Aligned Beneficiaries

Throughout the performance year, beneficiaries lose eligibility and are removed from the benchmark population. Only those eligible for the full PY or those who die during the PY are included at settlement.



Source: Centers for Medicare and Medicaid Innovation

\* The number of beneficiaries at settlement in 2019 only includes attrition through September 2019



# 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%        |
| <b>Maximum Allowable Trend</b><br>(0.2 percentage points<br>below projected trend) | <b>3.96%</b>   | <b>2.94%</b> |

# Benchmark Recommendation: Non-ESRD

- Use a trend rate of 3.5%
- As scale increases, the Medicare Benchmark will have more influence on the All-Payer Total Cost of Care. This will help achieve the Model's financial goal of restricting Vermont-wide growth to 3.5% or less.

$$\$9,765^1 * 72,357 * 1.035 = \$731,268,958 (\$842 \text{ PBPM})$$

<sup>1</sup> Estimated base experience may change with additional data.

# Benchmark Recommendation: ESRD

- Use maximum allowable ESRD trend rate of 2.9%
- The ESRD population is the most volatile and therefore poses relatively more risk.

$$\$73,970^1 * 264 * 1.029 = \$20,087,512 (\$6,341 \text{ PBPM})$$

<sup>1</sup> Estimated base experience may change with additional data.

# 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

|   |          |  |   |   |   |   |   |          |          |  |   |   |   |                                   |   |          |                       |
|---|----------|--|---|---|---|---|---|----------|----------|--|---|---|---|-----------------------------------|---|----------|-----------------------|
| <p>VT PY 2020<br/>ACO<br/>Benchmark</p> | <p>=</p> | <p>non ESRD benchmark calculation</p>            | + | <p>ESRD benchmark calculation</p>   | + | <p>Shared savings</p>                             |   |          |          |  |   |   |   |                                   |   |          |                       |
| <p>=</p>                                | <p>(</p> | <p>2019<br/>historical<br/>PMPY<br/>non ESRD</p> | x | <p># of<br/>prospectively<br/>aligned ACO<br/>benes for<br/>2020 non<br/>ESRD</p> | x | <p>2020<br/>trend<br/>factor<br/>non<br/>ESRD</p> | ) | <p>+</p> | <p>(</p> | <p>2019<br/>historical<br/>PMPY<br/>ESRD</p> | x | <p># of<br/>prospectively<br/>aligned ACO<br/>benes for 2020<br/>ESRD</p> | x | <p>2020 trend<br/>factor ESRD</p> | ) | <p>+</p> | <p>Shared savings</p> |
| <p>=</p>                                | <p>(</p> | <p>\$9,765<sup>1</sup></p>                       | x | <p>72,357</p>   | x | <p>1.035</p>                                      | ) | <p>+</p> | <p>(</p> | <p>\$73,970<sup>1</sup></p>                  | x | <p>264</p>  | x | <p>1.029</p>                      | ) | <p>+</p> | <p>Shared savings</p> |
| <p>=</p>                                | <p></p>  | <p>\$731,268,958</p>                             | + | <p>\$20,087,512</p>   | + | <p>\$8,242,374</p>                                |   |          |          |  |   |   |   |                                   |   |          |                       |
| <p>VT PY 2020<br/>ACO<br/>Benchmark</p> | <p>=</p> | <p>\$759,647,208</p>                             |   |   |   |   |   |          |          |  |   |   |   |                                   |   |          |                       |

<sup>1</sup> Estimated base experience may change with additional data.

# Questions?