

Vermont's All-Payer Model



Vermont's All-Payer Model (APM) is changing the way health care is delivered and paid for, with the goal of keeping the state's health care spending in check and improving the health of Vermonters.

The Vermont All-Payer ACO Model Agreement

[Vermont's All-Payer Accountable Care Organization Model Agreement](#) is a five-year (2018-2022)* arrangement between Vermont and the federal government that allows Medicare to join Medicaid and commercial insurers to pay differently for health care. The goal of the APM is to shift payments from a fee-for-service system that rewards the delivery of high-volume high-cost services, to a payment system based on value, high quality care and good health outcomes at a lower cost. The APM Agreement is signed by the Governor, the Secretary of the Agency of Human Services (AHS), and the Chair of the Green Mountain Care Board (GMCB). These parties work together to implement the Agreement.

Increasing Value for Vermonters

Shifting away from fee-for-service toward value-based payment rewards high performance and good outcomes. This change in incentives helps Vermonters connect to the right care, at the right place, at the right time. By shifting the focus to preventive care, the APM urges providers to catch and treat small health problems before they turn into big issues and incentivizes increased communication and coordination between health care and social service providers, especially those who are caring for the sickest or highest-risk patients. When providers and payers work toward an aligned set of quality measures, with a shared accountability for the cost and quality of care, health care and health outcomes only stand to improve for all Vermonters.

Ensuring Engagement Across the Health Care System

An Accountable Care Organization (ACO) is a voluntary network of health care providers that agree to be accountable for the care and cost of a defined population of patients. The Affordable Care Act (ACA) included incentives for creating Medicare ACOs because they were identified as a promising way to reduce the ever-rising cost of health care nationwide. Vermont's APM was designed to change health care payment models, curb health care cost growth, maintain quality of care, and improve the health of Vermonters, using ACOs as the vehicle for change. OneCare Vermont is currently the only multi-payer ACO operating in Vermont, though the APM does not preclude more than one ACO operating in the state. Vermont's ability to achieve the goals of the APM relies on robust participation and collaboration among partners across the delivery system — from state agencies, health care providers, payers, employers, and others that support health care transformation.

Measuring Success

Vermont's All-Payer Model Agreement aims to align health care cost growth with the growth of the Vermont economy and to improve the health of Vermonters over time. It sets ambitious goals and benchmarks, to be measured over the duration of the model. The outcomes the APM sets out to achieve require significant

* In December 2021, Vermont submitted a request to extend the model for one year, through 2023. The federal response to this request, in April 2022, indicated that Vermont's federal partners are working to offer a one-year extension for 2023 plus a transition year in 2024 to prepare for a potential longer-term subsequent model. Vermont and federal partners are currently in discussions about this proposal.

upfront investment, effective management, robust engagement, ongoing tracking, and possible model adjustments and improvements along the way. The Agreement outlines three types of targets for Vermont:

- **Cost Growth Target.** A key objective of the APM is to align the growth in the cost of care to the growth of Vermont's economy over the life of the model. In accordance with the APM, health care spending will be tracked over the full term of the agreement, with the goal of keeping the average increase in costs to 3.5% – and no more than 4.3% – over that time period. The GMCB evaluates the state's progress annually relative to the model's goal, expecting health care utilization and costs to fluctuate year-to-year, especially during uncertain times like the COVID-19 public health emergency. It is too soon to tell how Vermont will perform relative to this long-term target, however the growth in health care costs was 4.1% in Year 1 (2018), 4.6% in Year 2 (2019) and 0.4% in Year 3 (2020). The decline in compounding growth is mostly due to the lack of healthcare utilization during the COVID-19 public health emergency.
- **Improving Health Care Quality and the Health of Vermonters.** Another one of the APM's ambitious goals is to improve the health of Vermonters over time. Specifically, the APM aims to increase access to primary care, reduce deaths from suicide and drug overdose, and lower prevalence of chronic disease. As of Year 3, Vermont is seeing improvement in the majority of the 22 reported measures – and meeting or exceeding five of the Agreement's six population health outcome targets. As data for each subsequent year of the APM becomes available, we will track against these benchmarks, carefully evaluate our progress, knowing that moving the needle on population health is a long-term effort. In line with the Board's purpose to provide transparency, we will share results on the state's progress with the public as they become available.
- **Payer and Provider Participation (Scale).** For the APM to succeed, the majority of Vermont providers and insurers must be part of the effort. As the model grows, participating providers should see a greater proportion of their business tied to value, rather than volume, which will help ensure that health care delivery in Vermont is aligned with improving health outcomes. Annually, the GMCB evaluates ACO programs to determine if they meet minimum program requirements and counts the number of providers signing up to participate in these programs. Model "scale" is then measured by counting the number of Vermonters that are covered by an insurer offering a qualifying ACO program, and who have an established relationship with an ACO-participating provider. In October 2021, the federal government waived enforcement of the APM Agreement Scale Targets through the remainder of the current Agreement, stating that the Scale Targets, as defined in the Vermont APM Agreement, are "unattainable for Vermont based on information not available when the State Agreement was drafted." Vermont continues to pursue increased scale and will continue to report on progress.

For the most up-to-date summary of Vermont's progress toward achieving the All-Payer Model Agreement targets, see [Vermont's All-Payer Model Performance Summary Dashboard](#).

While this early data suggests Vermont is heading in the right direction, the State has also identified room to improve APM performance. In November 2020, the Agency of Human Services released an [APM Implementation Improvement Plan](#), developed in partnership with GMCB staff, aimed at achieving the goals of the APM. The plan includes ideas for getting the most out of Vermont's special relationship with the federal government under the APM Agreement; improvements that AHS and GMCB can make in their implementation and oversight; and strengthening OneCare Vermont's leadership strategy.

The GMCB is primarily responsible for monitoring and reporting on progress toward achieving the APM goals. Tracking quality and cost growth is at the heart of the APM – and will help us determine if the state is heading in the right direction. Because of the time it takes to receive and analyze data, we are beginning to analyze data for Year 4 (2021), though we are in Year 5 of the APM. This early data gives us a starting point from which to build as we collect and average data from the full duration of the APM.

The COVID-19 public health emergency is also impacting Vermont's ability to measure the overall impact of the APM. For example, we are still waiting for data on how COVID-19 has impacted the health care Vermonters seek. This uncertainty will make it difficult to understand changes in cost growth over the full five years of the APM. Vermont will need to work with providers, our federal partners, and health care evaluators to better understand the impacts of COVID-19 on the model when more data are available.

As the APM continues to progress, we are dedicated to sharing data reflecting its impact in a way that is transparent, accessible, and timely. We will also continue to track the APM's short-term progress, analyze opportunities for long-term growth and adjust as needed to reach our shared goals.

Medicare's All-Payer Model Evaluation

The most robust evaluation of the APM's impact is the third-party review being performed by Vermont's federal APM partners. This evaluation focuses on Medicare's participation and Medicare beneficiaries. In August 2021, the [first evaluation report \(summary\)](#) was released, covering the first two years of the model (2018-2019). Findings included reduced Medicare spending in Vermont compared to other states. The report also notes that the APM is supporting collaboration across the health care system around shared goals. The report also found positive effects for the full Vermont population because many of the model's population health initiatives serve Vermonters regardless of insurance or ACO participation, highlighting Vermont's long history of investment in primary care and population health, culture of reform, and strong hospital and ACO regulation. The report also identifies areas for improvement, many of which echo AHS's APM Implementation Improvement Plan.

Looking Ahead

Looking ahead, the Board will consider these early evaluation findings as it prepares to engage with the Governor's Administration and stakeholders in planning for a short-term extension of the current Agreement, and potential subsequent Agreements.

Additional Resources

[GMCB Website – All-Payer Model Home Page](#)

[GMCB Website – All-Payer Model Reports](#)

[GMCB Website – Vermont All-Payer Model Frequently Asked Questions](#)

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