

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, and the Chair of the Green Mountain Care Board. 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 is currently the only 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 that will be measured over 5 years. The outcomes the APM sets out to achieve require significant upfront investment, effective management, robust engagement, ongoing tracking, and possible model adjustments and improvements along the way.

- **5-Year 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. In accordance with the APM, health care spending will be tracked over the 5-year term of the agreement, with the goal of keeping the average increase in costs to 3.5% – and no more than 4.3% – between 2018 and 2022. The GMCB evaluates the state's progress annually relative to the

model's 5-year goal, expecting health care utilization and costs to fluctuate year-to-year, especially during uncertain times like 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. With results from the first year of the model (2018) we have established baselines for each of these goals. 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. 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.

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 currently analyzing data for Year 2 (2019), though we are in Year 4 of the APM. This early data gives us a starting point from which to build as we collect and average the full five years of data from the APM.

Early data suggests Vermont is heading in the right direction. Provider participation has steadily increased since Year 1. The growth in health care costs was 4.1% in Year 1, representing a decline from the previous year's growth rate (8.5%). Data are currently delayed due to the COVID-19 Public Health Emergency, the GMCB anticipates releasing year 2 (2019) results in Q1 2021. 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 \(Tableau dashboard\)](#).

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. Providers have reported that COVID-19 caused a dramatic reduction in use of health care services in the early part of the pandemic, and we expect that this will also cause a significant reduction in cost growth in 2020. However, 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 progresses, 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.

Additional Resources

[Vermont All-Payer Model Agreement](#) (signed October 2016)

[GMCB Website – All-Payer Model](#)

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

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

[Centers for Medicare & Medicaid Services \(CMS\) Website – Vermont All-Payer ACO Model](#)

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