

2023 Medicare Benchmark Recommendation

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Agenda

- Staff Recommendations for 2023 Benchmark
- Background
 - All-Payer Model
 - Medicare Benchmark
- Experience to Date
 - Settlements over time
 - OCV results through 2021
 - Prior year benchmarks and outcomes

Recommendations

- Staff recommends using the maximum allowable trend for OneCare Vermont's Medicare Benchmarks:
 - 5.2% for Non-ESRD
 - 3.9% for ESRD
- Estimates suggest that these trends will allow Vermont to stay on track with its financial accountability targets, accounts for Medicare reimbursement increases, and will help buttress a fragile delivery system.

Trade-Offs for Using Maximum Trend



PROS

- Vermont hospitals are financially fragile, a trend observed nationally.
- The maximum trend will increase the amount of federal dollars available through the current All-Payer Model.
- The maximum trend is estimated to keep the state on track for its financial targets.



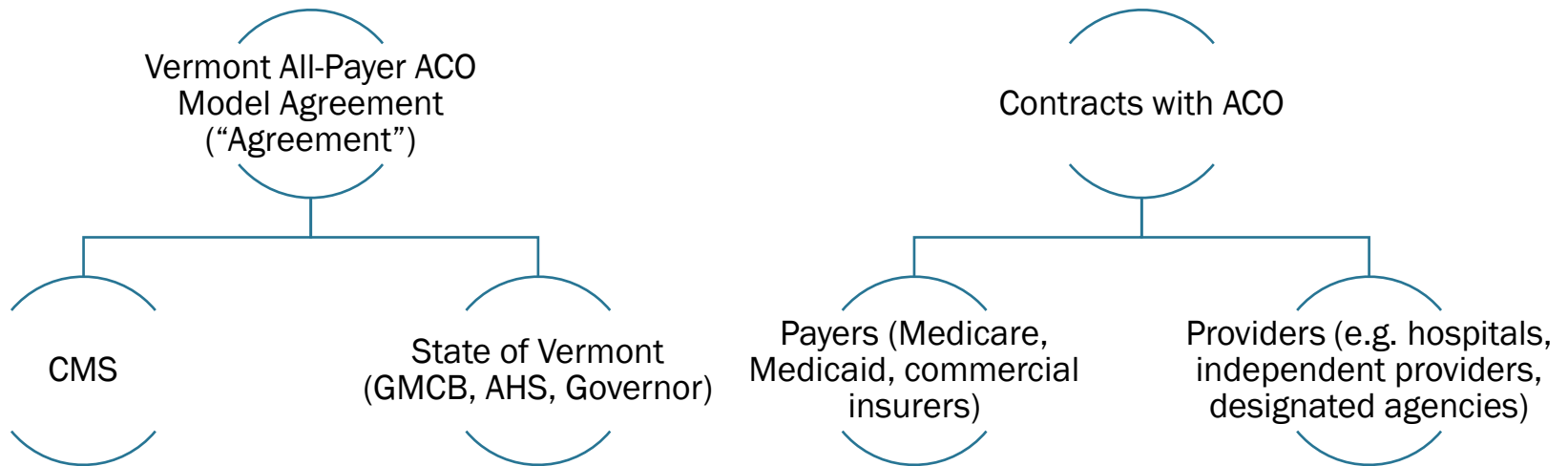
CONS

- The maximum trend may endanger the ability of the state to fulfill its financial targets from the APM Agreement.

Background



All-Payer Model Agreements



Agreement requires GMCB to set Benchmarks for ACO's Medicare program.
Benchmarks must be approved by CMS prior to performance year.

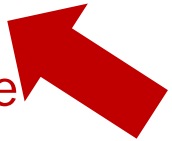
How We Measure the APM



- The APM has three (3) areas of performance that we (GMCB) monitor and report on for our federal partners.
 - TCOC is the financial yard stick by which we measure performance.
 - Scale, or the proportion of the population aligned to an ACO, is a second yardstick.
 - Quality is the third yard-stick, measuring the state's trajectory toward improving patients' and providers' outcomes.

How We Measure the APM

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 - TCOC is the financial yard stick by which we measure performance.
 - The Medicare ACO-aligned population is the State's entry point to regulating healthcare for Medicare beneficiaries.
 - Also, Medicare benchmark is how we fund the Medicare piece of Blueprint for Health and SASH.
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APM Financial Targets

All-Payer TCOC Per Capita Growth
(3.5 to 4.3% average from 2017
to end of Agreement)

Medicare TCOC Per Capita Growth
(Average from 2017 to end of Agreement
from -0.2 to +0.1 percentage points of
national projections)

ACO Medicare
Benchmarks
(Annual Growth targets
for Medicare
beneficiaries attributed to
the ACO)

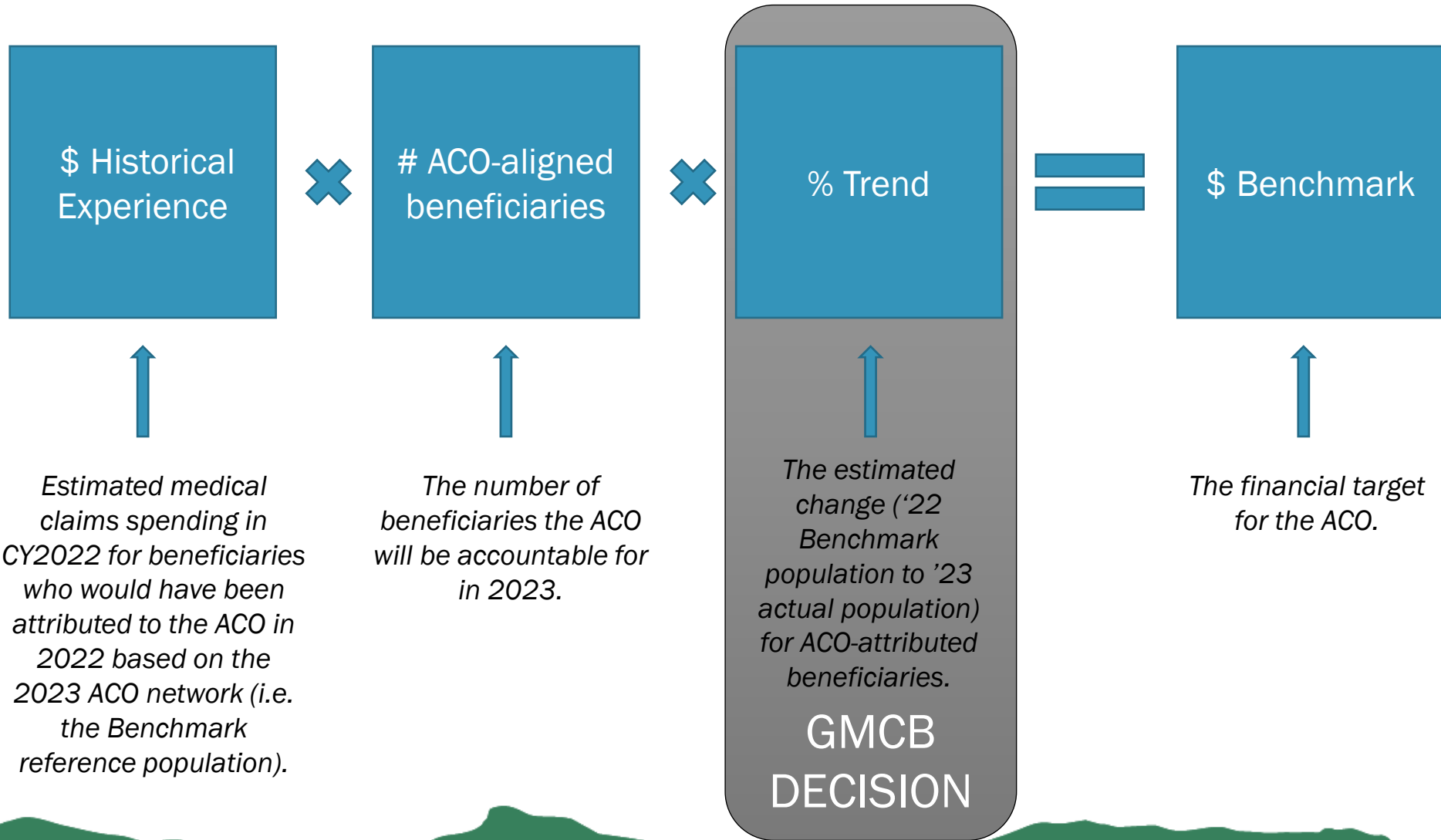
State of VT
Accountability

GMCB
Duty

ACO Financial Targets

- Medicaid and commercial payers negotiate annual financial targets with the ACO
 - The GMCB uses its ACO oversight to monitor how these targets relate to the APM financial yard sticks.
- Medicare relies on GMCB to propose annual financial targets for the ACO on its behalf
 - The Agreement includes certain criteria the proposals must meet.
 - CMMI approves or may request modification of the proposal.

Benchmark Components



Allowable Benchmark Trends

- Per the Agreement, trends set by the GMCB must meet certain criteria:
 - One of the criteria is that the trend set is at least 0.2% lower than the projected growth for Medicare fee-for-service nationally.
- National projections are from the Medicare Advantage Call Letter, released annually around April preceding the performance year.
- Example: for 2023 the trend for Non-ESRD FFS Medicare expenditures was 5.4%. Vermont's maximum trend, per the Agreement, is 5.2%.

End Stage Renal Disease vs. Non

- The Medicare Benchmark is set separately for beneficiaries who are eligible due to End Stage Renal Disease (ESRD) and the remaining population (i.e. beneficiaries eligible due to age and/or disability).
- There are very few beneficiaries eligible due to ESRD, but their average expenditures are much greater than the remaining population.

Benchmarks & The AIPBP



A Common Point of Confusion

- Medicare offers prospective payments called All-Inclusive Population Based Payment (AIPBP).
- These payments are designed as a cash flow mechanism to provide more stability to providers during the year.
- Ultimately AIPBP is reconciled to the *what would-have been paid* on behalf of attributed beneficiaries.

Medicare ACO TCOC = FFS payments + AIPBP claims

- Medicare's AIPBP is calculated separately and reconciled independently from the Benchmark.

Benchmarks vs AIPBP Reconciliation for OneCare



	2019	2020	2021
AIPBP	\$0 (0%)*	\$36 m (19%)	\$7 m (2.8%; awaiting finalization)
Full settlement	\$11 m	\$16 m	\$10 m
Settlement less advance	\$ 5 m	\$8 m	\$ 1 m

* A hospital signed up for AIPBP but was not eligible due to its participation in an existing Medicare program, which represented ~12.2 million. It was identified early, and OneCare held onto the funds.

The AIPBP was disrupted in 2020 due to the pandemic and has been relatively close since. This AIPBP reconciliation is *separate from* the Benchmark settlement.

AIPBP = cash flow
Benchmark = performance

Advanced Shared Savings

- Medicare's investments in the Blueprint for Health Programs 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 for their continued funding by Medicare.
- The funding is attached to the Medicare Benchmark but does not represent *performance risk*.
- The advance is reconciled at settlement.

Previous GMCB Decisions & Trend Limits



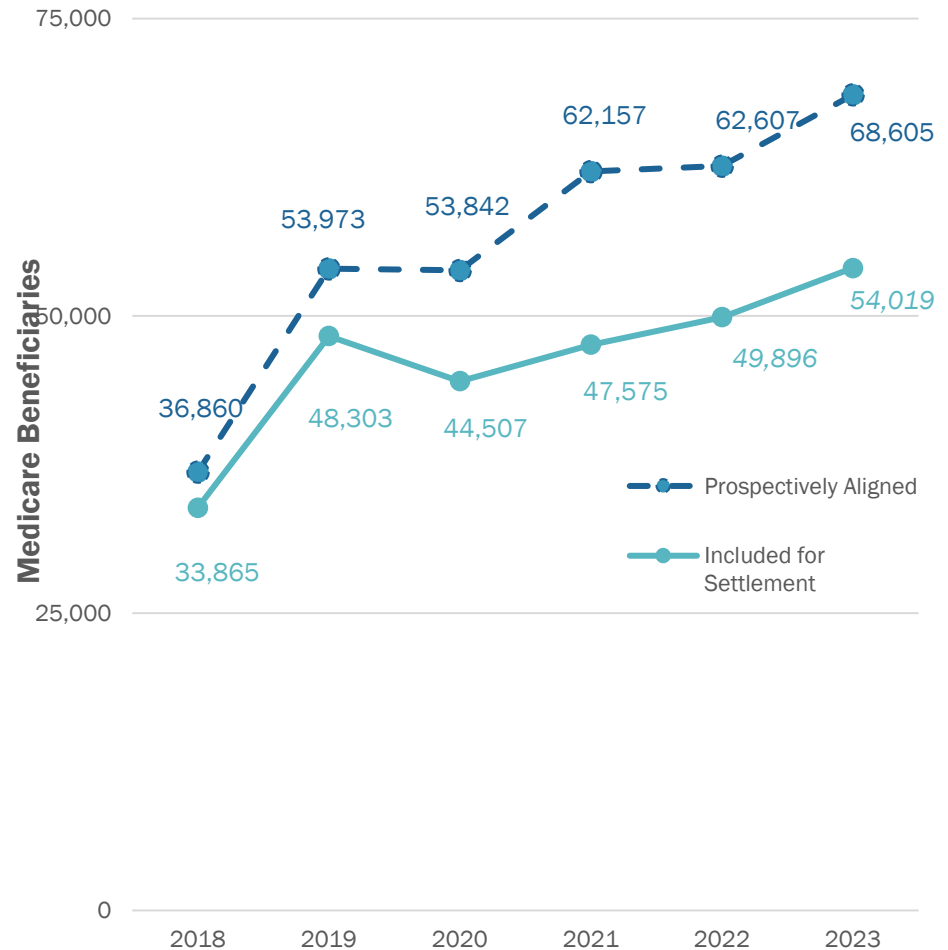
Performance Year	Approved Benchmark Trend		Trend Limits to Date		Notes
	Non-ESRD	ESRD	Non-ESRD	ESRD	
2018	3.5%	3.5%	3.5%	3.5%	GMCB elected to use the floor provision of the Agreement (maximum allowable trend)
2019	3.8%	3.1%	3.8%	3.1%	Maximum allowable trends
2020	-7.7%	-2.2%	4.0%	2.9%	Retrospective trends due to COVID-19
2021	17.4%	17.3%	4.4%	2.3%	Retrospective trends due to COVID-19
2022	7.3%	7.3%	10.4%	7.6%	Base experience used imputed values for 2020, which increased the baseline experience value

These trends are combined to set a target for the entirety of the Agreement and additional years (2017-2023): Non-ESRD = 5.2 – 5.5% compounded annual growth; ESRD = 3.9 – 4.2% compounded annual growth

Experience to Date

OneCare Vermont Medicare Participation

- The Vermont Medicare ACO program limits which beneficiaries are included in the financial settlement.
- Beneficiaries must:
 - Maintain eligibility for the entire performance year (or until they pass away)
 - Receive 50% or more of their primary care services in the ACO's service area
- As more people opt for Medicare Advantage plans, substantially more beneficiaries are losing eligibility.



Settlements

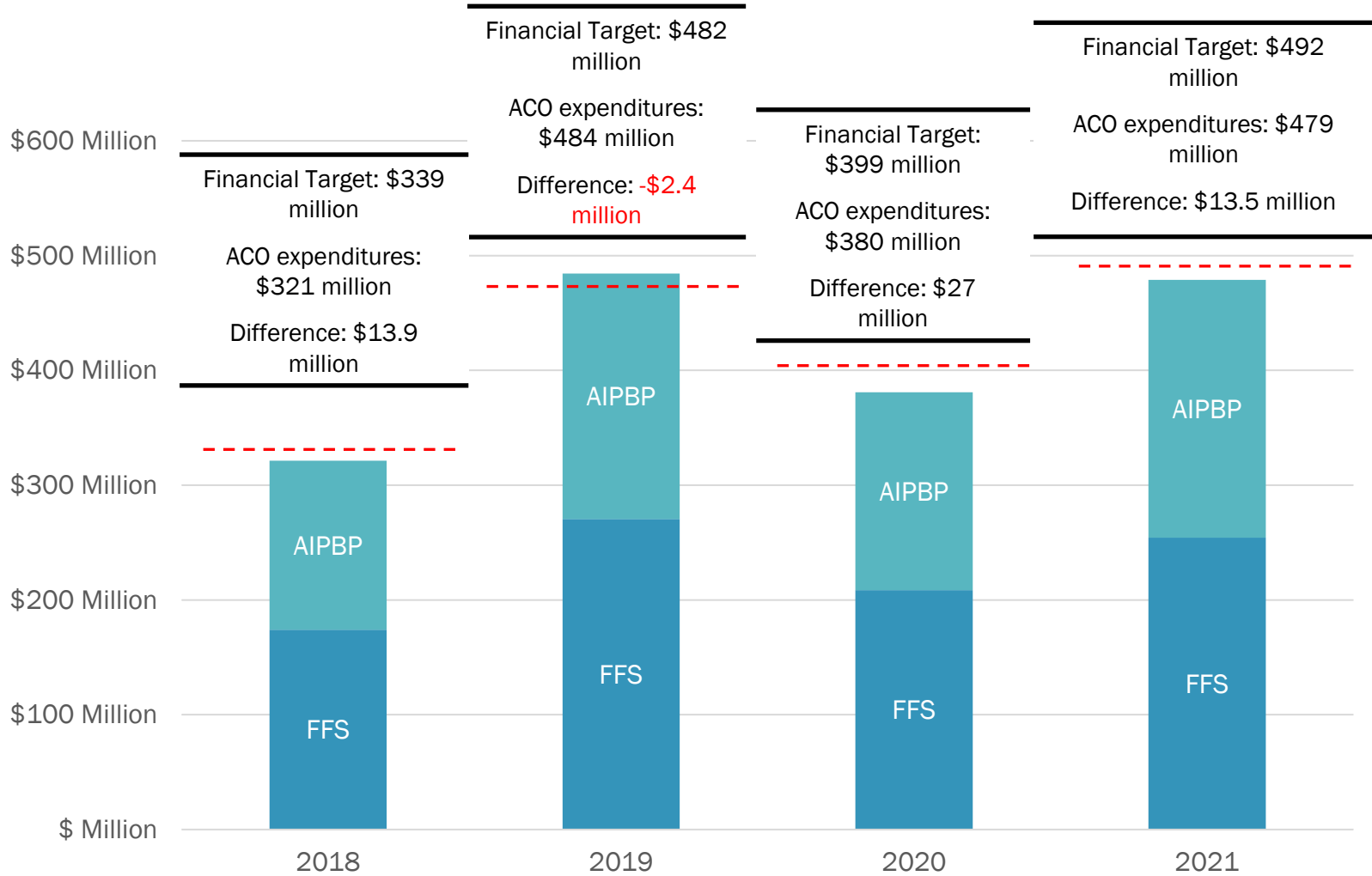
	2018	2019	2020	2021
Gross Savings / (Losses)	\$ 17,022,114	\$ 11,285,496	\$ 27,002,622	\$ 22,318,060
Cap on Savings / (Losses)	\$ 20,634,180	\$ 24,790,486	\$ 20,391,839	\$ 10,026,241
Capped Savings / (Losses)	\$ 17,022,114	\$ 11,285,496	\$ 20,391,839	\$ 10,026,241
Quality Adjustment	\$ -	\$ (196,758)	\$ -	\$ -
ACO Risk Arrangement	80%	100%	80%	100%
Adjusted capped savings / (Losses)	\$13,345,337*	\$11,285,496*	\$ 16,313,471	\$10,024,813*
Advanced Shared Savings	\$ 7,776,760	\$ 6,342,236	\$ 8,401,660	\$ 8,767,133
Net Settlement Adjusted for Advanced Shared Savings	\$ 5,568,578	\$ 4,943,260	\$ 7,911,811	\$ 1,233,926

* Includes deduction for sequestration

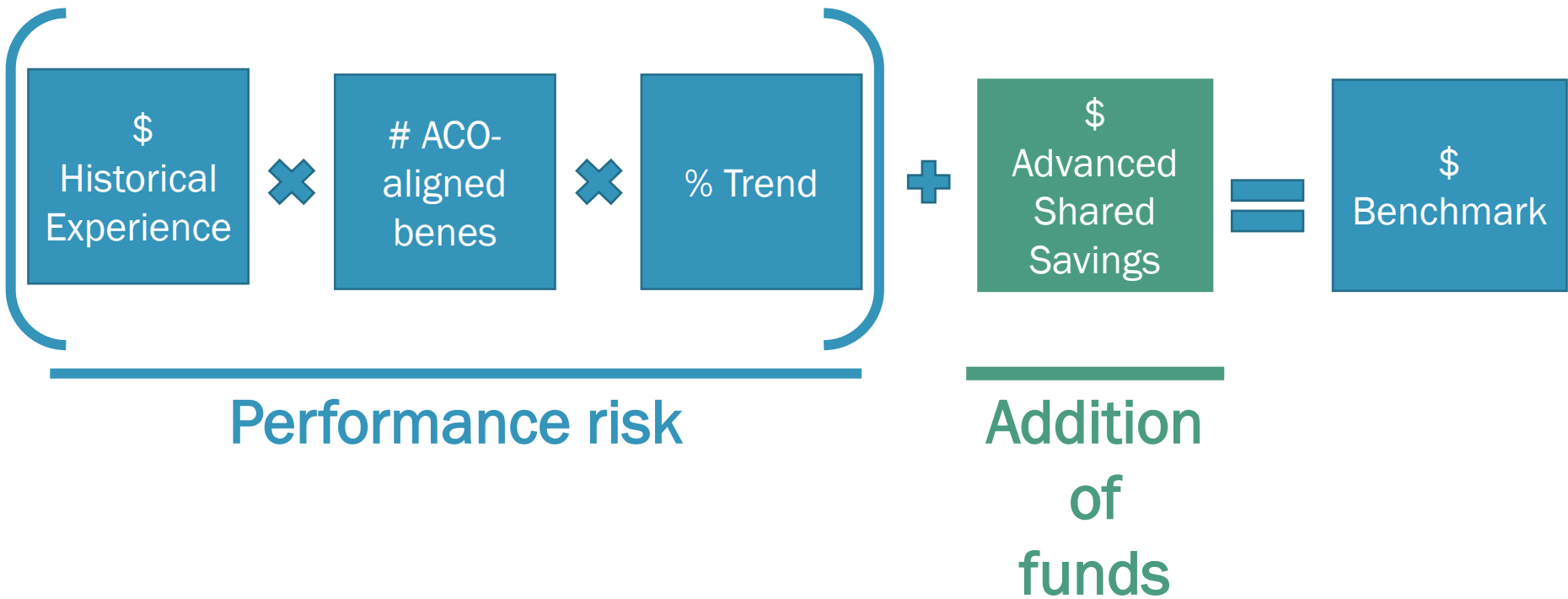
*Takeaways: over the last 4 years of the APM, VT providers have received \$31.1 million, and the ACO has netted \$20 million. This is a **good** deal for VT, and one not likely to repeat.*

Concerns: Future models may not be as beneficial for Vermont.

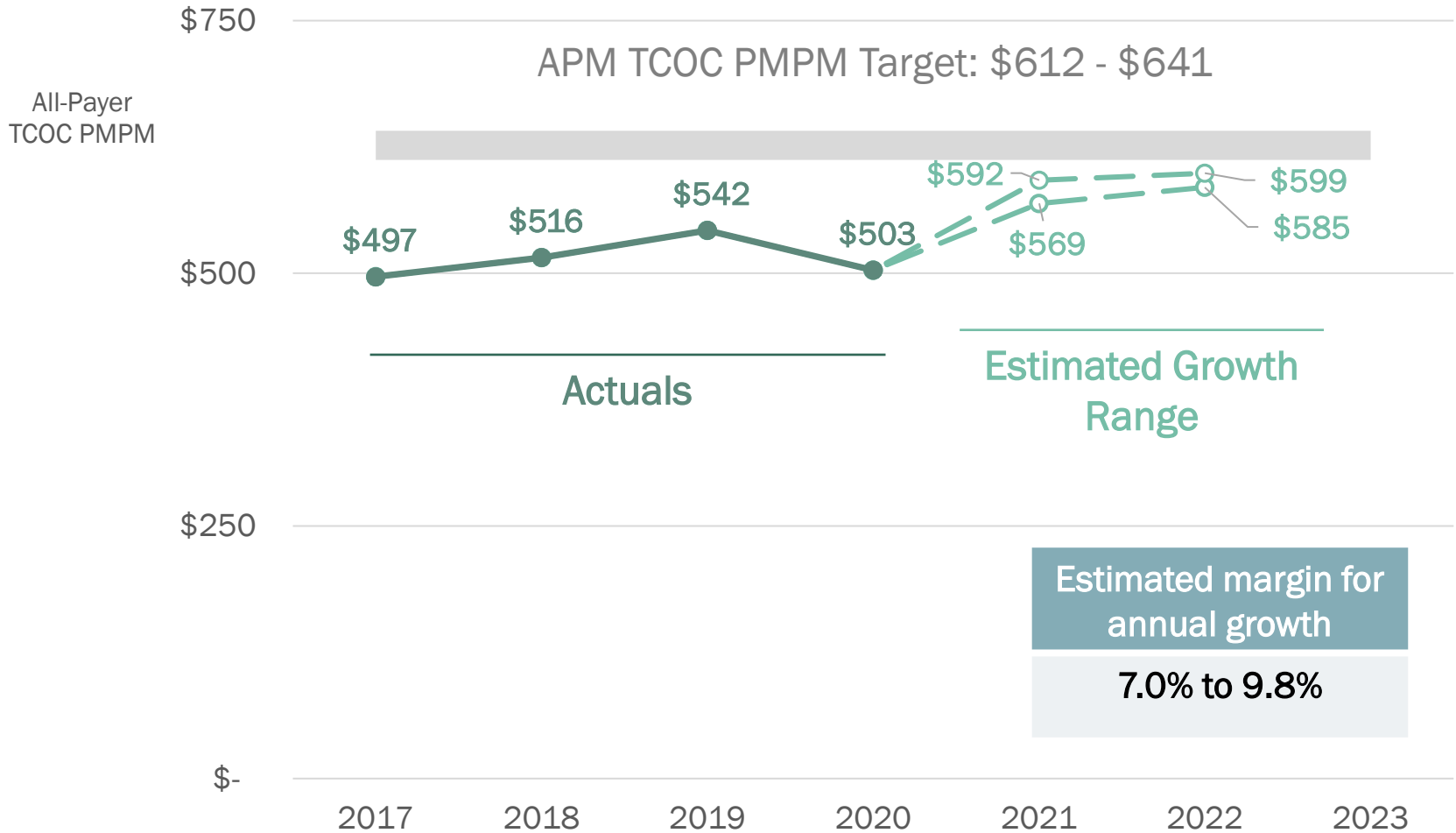
OneCare Risk Results



Advanced Shared Savings in the Medicare Benchmark



Current Projections for APM TCOC PMPM through 2023



Maximizing Medicare Benchmark Trend

There have been comments that the Board has failed to maximize the Medicare trend, and that leaves federal money on the table for Vermont.

- *“We also urge the Board to examine whether there is more Medicare revenue to be realized through the All-Payer Model, and to fully exhaust that potential. We believe that the Board could bring more Medicare funding into the state without any negative impact...” UVMHN Budget Narrative**
- *“maximizing the annual Medicare trend rate to facilitate increased scale and reduce the cost shift” in response to, “What other actions can healthcare stakeholders be taking to support the ACO in achieving the goals of the Vermont All-Payer ACO Model?” OCV Budget Narrative***

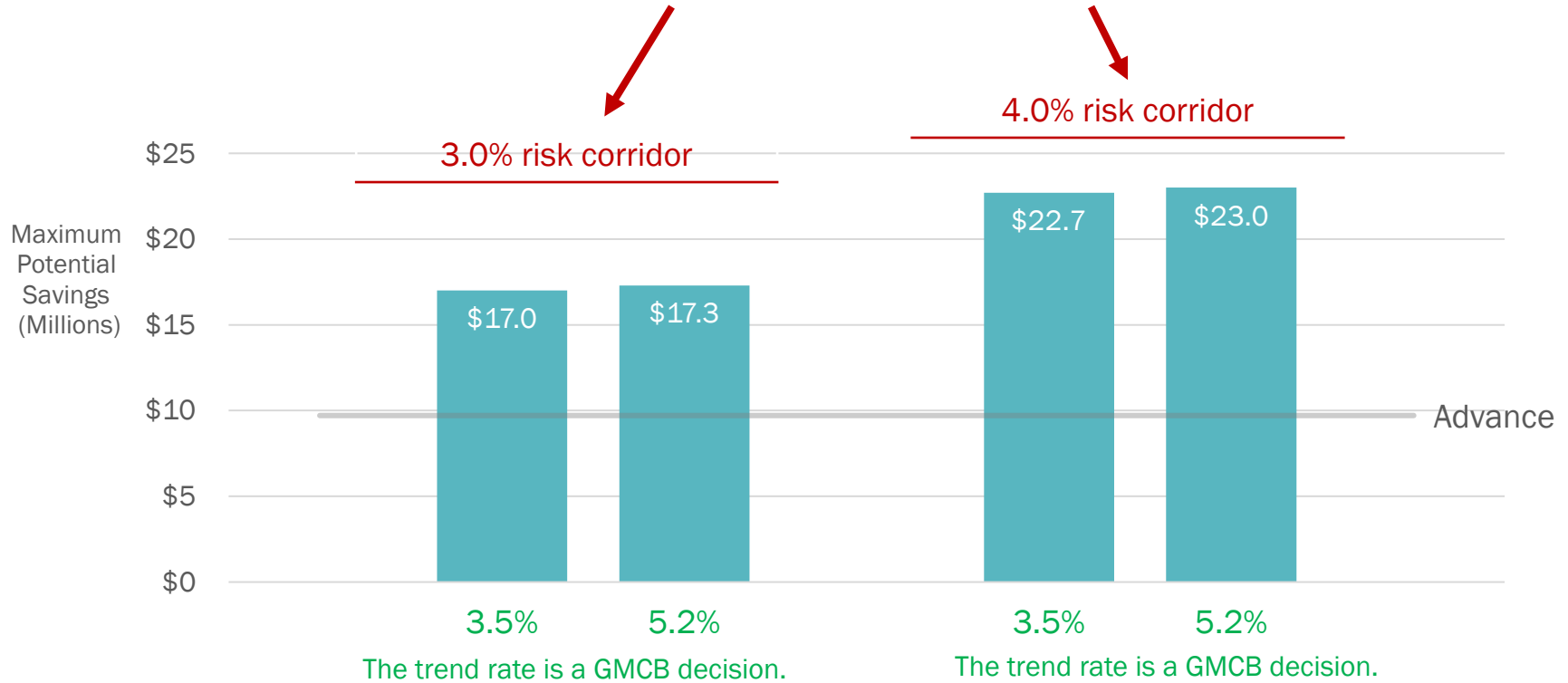
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Risk Corridor and Advanced Shared Savings

The risk corridor is an ACO DECISION.



2023 Benchmark Trend Rate
(using current experience estimate)

Leveraging Federal Funds



- GMCB decisions have added significant federal dollars to Vermont.

Benchmark decisions	Additional dollars to OCVT/SOV
Advanced shared savings	\$31 million
Floor in 2018	\$2.5 million
Using imputed claims for 2020 experience for 2021 Benchmarks	\$457 thousand

- Using actual experience and maximum trend for the 2021 Benchmark would have reduced the ACO's Benchmark by \$14 million. With the 2% risk corridor, that would have reduced the settlement by \$457 thousand.

Leveraging Federal Funds



- The reduction in risk corridor has had larger impacts on the opportunities for increasing federal dollars. The ACO's gross savings were \$22.3 million.

ACO Elected Risk Corridor	PY2021 Maximum Savings	Missed Opportunity
2% (as selected)	\$10,026,241	-\$12.3 million
3%	\$15,039,361	-\$7.3 million
4%	\$20,052,482	-2.3 million
5%	\$25,065,601	Maximum savings realized

Staff Recommendation

- Use the maximum allowable trend for OneCare Vermont's Medicare Benchmarks:
 - 5.2% for Non-ESRD
 - 3.9% for ESRD
- Request advanced shared savings of \$9,545,916 to fund Blueprint for Health Programs and SASH.