

# 2020 Medicare Benchmark Recommendation

December 18, 2019

# Targets: ACO Payer Program vs. All-Payer Model

## ACO Payer Program Targets

- Each payer participating in a program agrees to financial and quality targets with the ACO for the upcoming performance year.
- These are between the ACO and the payer and change each year.
- The targets are for people **attributed to the ACO.**

## All-Payer Model Targets

- The All-Payer model has 3 types of targets:
  1. SCALE
    - Statewide (aka All-Payer)
    - Medicare
  2. QUALITY
    - Statewide
    - ACO only
  3. FINANCIAL GROWTH
    - Statewide
    - Medicare

# 2020 All-Payer Model Financial Targets

## *All-Payer*

1. All-payer growth:

**Average growth from 2017 to 2020 should be less than or equal to 3.5%.**

$$\left( \frac{\textit{Statewide per member per month (PMPM) in 2020}}{\textit{Statewide PMPM in 2017}} \right)^{1/3} - 1 \leq 3.5\%$$

# 2020 All-Payer Model Financial Targets

## Medicare

### 2. Medicare growth:

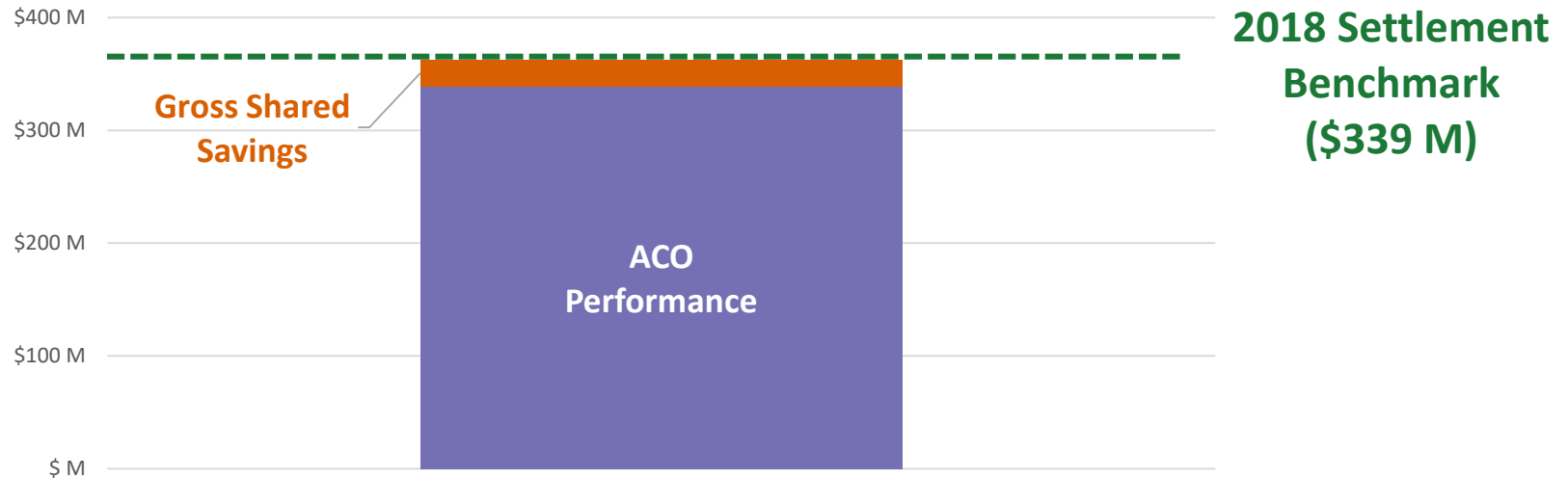
Average growth from 2017 to 2020 should be less than or equal to 3.75%, which is 0.2% below how Medicare was expected to grow nationally.

$$\left[ \left( \frac{\text{ACO Medicare PMPM in 2018}}{\text{Medicare comparison group PMPM in 2017}} \right)^* \right]^{1/3} - 1 \leq 3.75\%$$

$$\left[ \left( \frac{\text{ACO Medicare PMPM in 2019}}{\text{Medicare comparison group PMPM in 2018}} \right)^* \right]$$

$$\left[ \left( \frac{\text{ACO Medicare PMPM in 2020}}{\text{Medicare comparison group PMPM in 2019}} \right) \right]$$

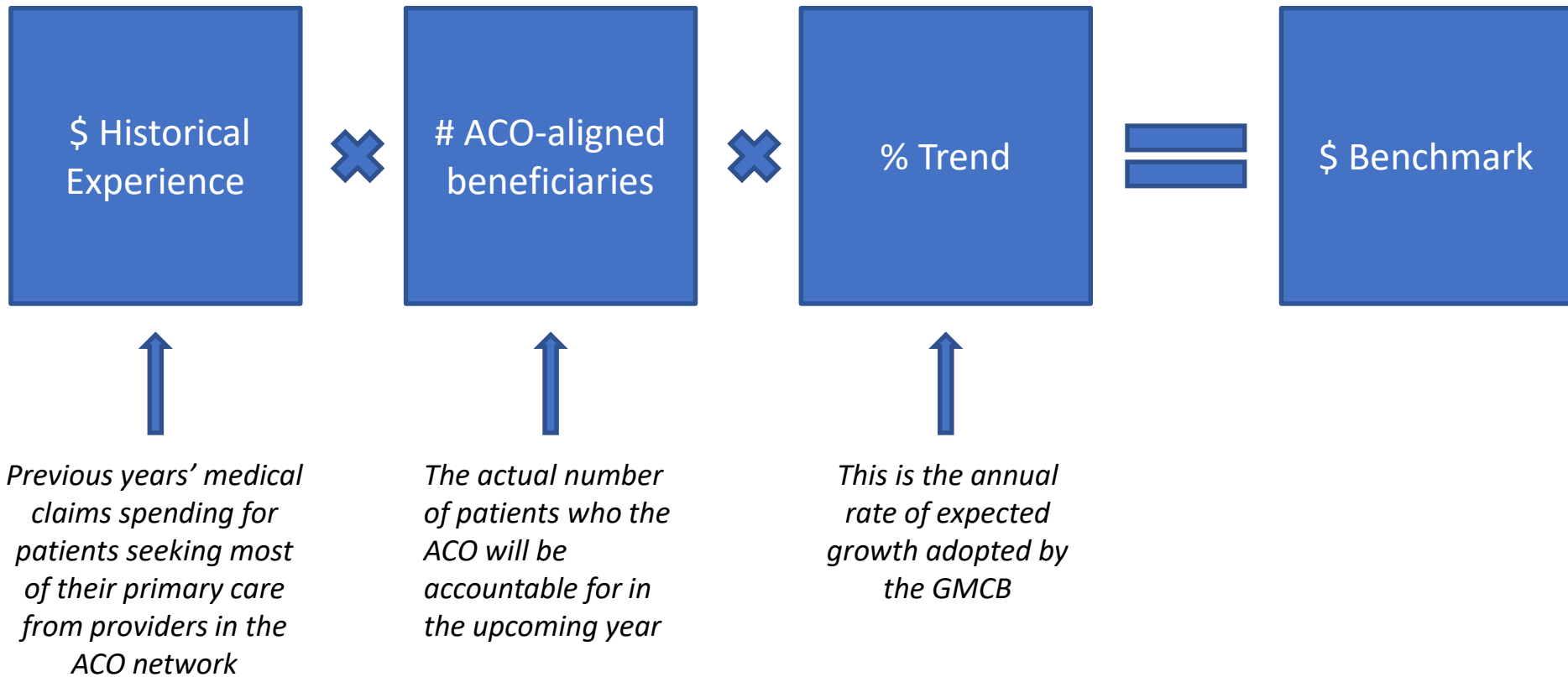
# 2020 Medicare Benchmark: ACO Medicare Target



- 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)

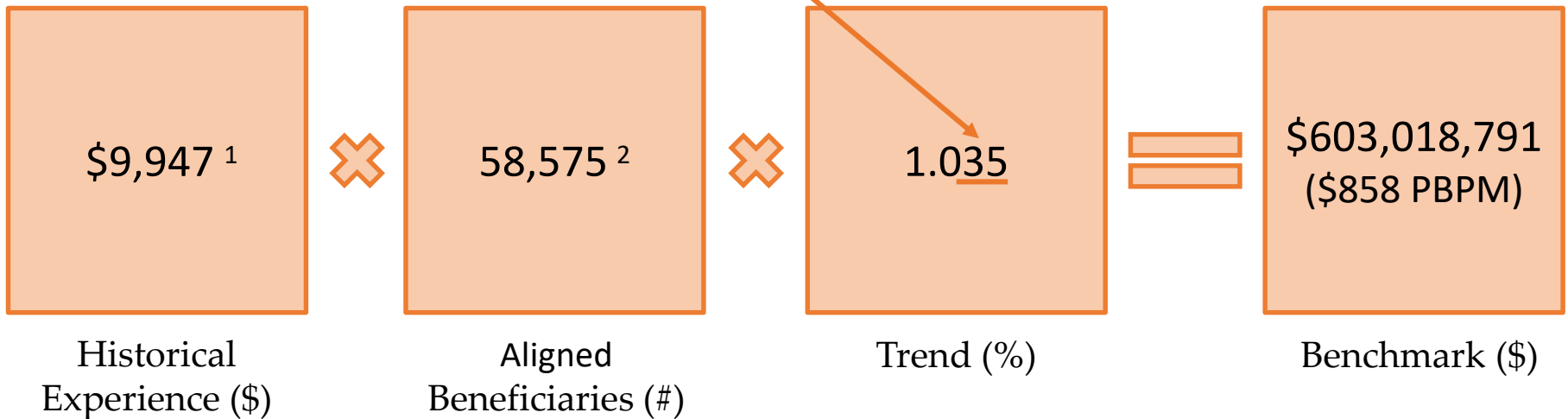
# What is the Medicare Benchmark?

The Medicare benchmark is calculated based on three factors:



# Benchmark Recommendation: Non-ESRD

- Use a trend rate of **3.5%**

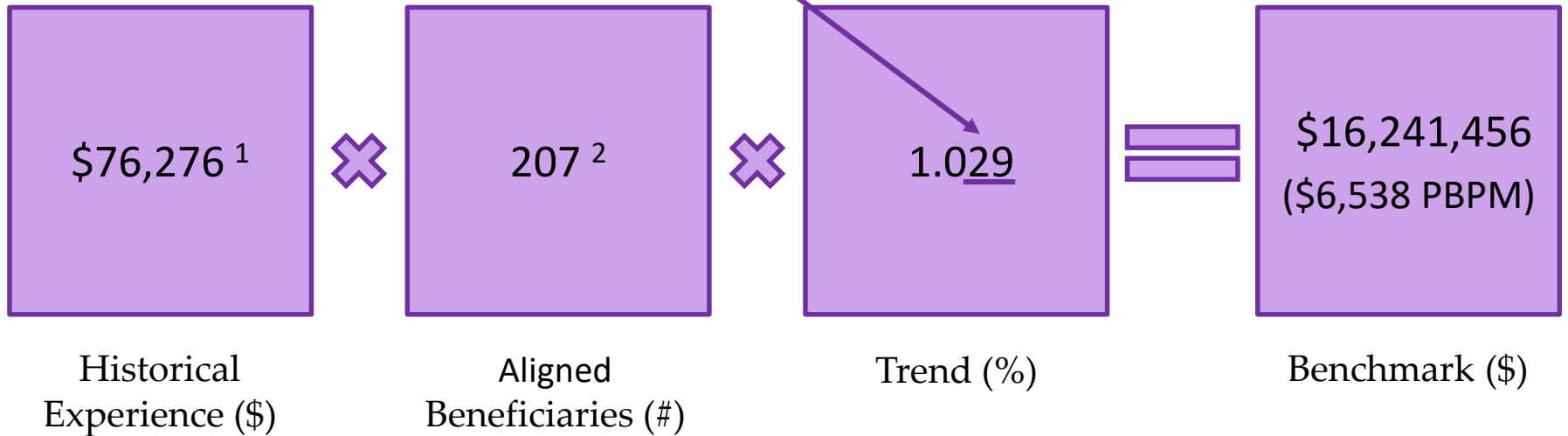


<sup>1</sup> Estimated base experience may change with additional data.

<sup>2</sup> 2019 prospective attribution used as a placeholder until new attribution number shared by CMS

# Benchmark Recommendation: ESRD

- Use a trend rate of 2.9%



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

<sup>2</sup> 2019 prospective attribution used as a placeholder until new attribution number shared by CMS



# Benchmark Recommendation: Advanced Shared Savings

- Include **\$8.4 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.
- OneCare will be accountable for these dollars. The savings at the end of the year will include the **\$8.4 million** as ACO spending.

# Benchmark Recommendation

## Benchmark Calculation

VT PY 2020 ACO Benchmark	=	non ESRD benchmark calculation	+	ESRD benchmark calculation	+	Advanced shared savings
=		$\left( \begin{array}{ccc} \text{2019} & & \text{2020} \\ \text{historical} & \times & \text{trend} \\ \text{PMPY} & \times & \text{factor} \\ \text{non ESRD} & \times & \text{non} \\ & & \text{ESRD} \end{array} \right)$	+	$\left( \begin{array}{ccc} \text{2019} & & \text{2020} \\ \text{historical} & \times & \text{trend} \\ \text{PMPY} & \times & \text{factor} \\ \text{ESRD} & \times & \text{ESRD} \end{array} \right)$	+	
=		$\left( \$9,947^1 \times 58,575^2 \times 1.035 \right)$	+	$\left( \$76,276^1 \times 207^2 \times 1.029 \right)$	+	
=		\$603,018,791	+	\$16,241,456	+	\$8,401,660

**VT PY 2020  
ACO  
Benchmark = \$627,661,908**

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

<sup>2</sup> 2019 prospective attribution used as a placeholder until new attribution number shared by CMS