

# 2025 Medicare Benchmark Recommendation

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# Agenda

- Staff Recommendations for 2025 Benchmark
- Background
  - All-Payer Model
  - Medicare Benchmark
- Experience to Date
  - Settlements over time
  - Potential impact to TCOC

# Recommendations

- Staff recommends using the maximum allowable trend for OneCare Vermont's Medicare Benchmarks (per the Agreement, 0.2% below national):
  - 4.0% for Non-ESRD\*
  - 7.0% for ESRD\*
- Request advanced shared savings of \$10,354,645 to fund Blueprint for Health Programs and SASH, consistent with OneCare's 2025 budget submission

# 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, especially for Blueprint and SASH.



## CONS

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

# Previous Trend Limits & GMCB Decisions

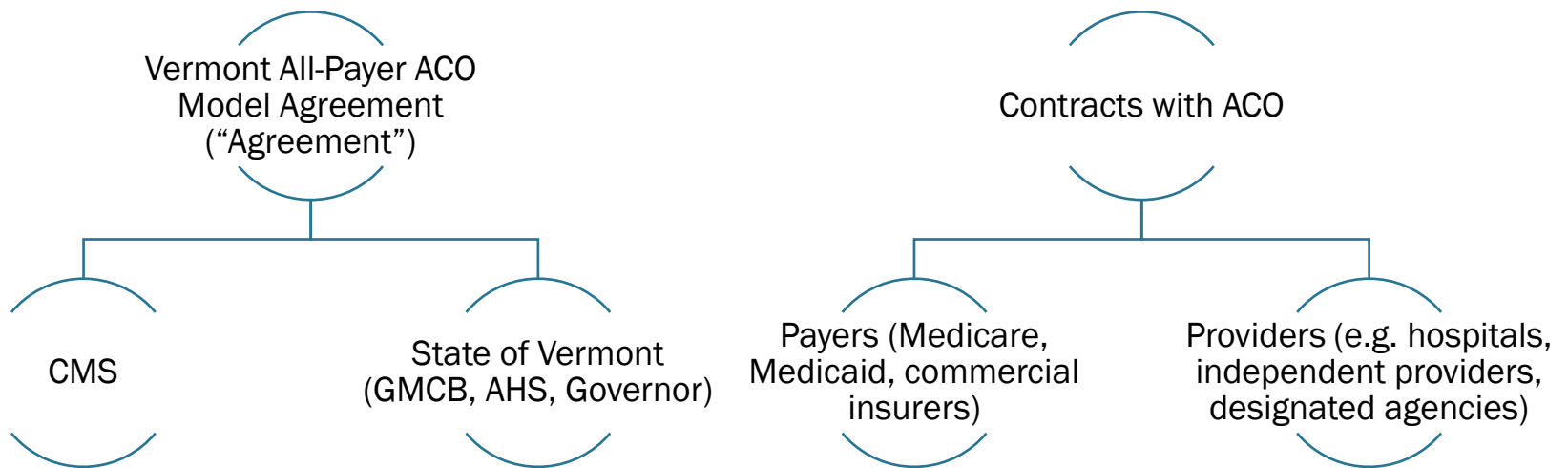


Performance Year	Federal Trend Limits to Date		GMCB Approved Benchmark Trend		Notes
	Non-ESRD	ESRD	Non-ESRD	ESRD	
2018	3.5%	3.5%	3.5%	3.5%	GMCB elected to use the floor provision of the Agreement (maximum allowable trend)
2019	3.8%	3.1%	3.8%	3.1%	Maximum allowable trends
2020	4.0%	2.9%	-7.7%	-2.2%	Retrospective trends due to COVID-19
2021	4.4%	2.3%	17.4%	17.3%	Retrospective trends due to COVID-19
2022	10.4%	7.6%	7.3%	7.3%	Base experience used imputed values for 2020, which increased the baseline experience value
2023	5.2%	3.9%	5.2%	3.9%	Maximum allowable trends
2024	4.5%	6.9%	4.3%	6.7%	Maximum allowable trends

# 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 statewide performance
  - Scale, or the proportion of the population aligned to an ACO, is a second yard stick
  - Quality is the third yard stick, measuring the state's trajectory toward improving patients' and providers' outcomes (measures vary between statewide and ACO-attributed)



# 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 statewide performance:
    - The Medicare ACO-aligned population is the State's entry point to regulating healthcare for Medicare beneficiaries
    - The Medicare Benchmark is how we fund the Medicare piece of Blueprint for Health and Support Services at Home (SASH) programs 
  - Scale, or the proportion of the population aligned to an ACO, is a second yard stick
  - Quality is the third yard stick, measuring the state's trajectory toward improving patients' and providers' outcomes

# APM Financial Targets

State of VT  
Accountability

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)

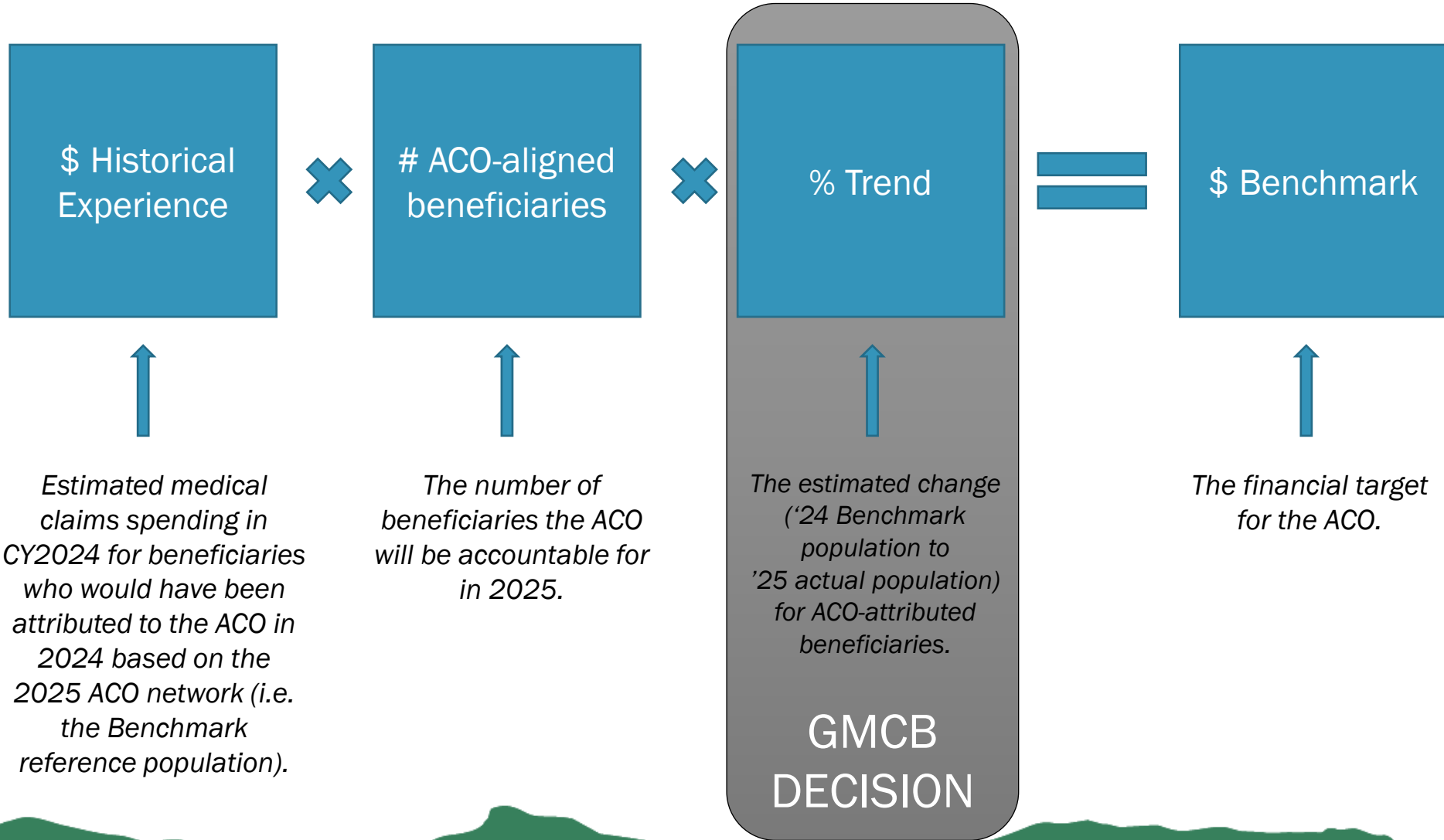
GMCB  
Duty

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

# 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 (FFS) nationally
- National projections are from the Medicare Advantage Call Letter, released annually around April preceding the performance year
- Example: for 2025 the trend for Non-ESRD FFS Medicare expenditures was 4.2%. Vermont's maximum trend, per the Agreement, is 4.0%

# 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), and follow the same criteria as for non-ESRD
  - Example: for 2025 the trend for ESRD FFS Medicare expenditures was 7.2%. Vermont's maximum trend, per the Agreement, is 7.0%
- 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

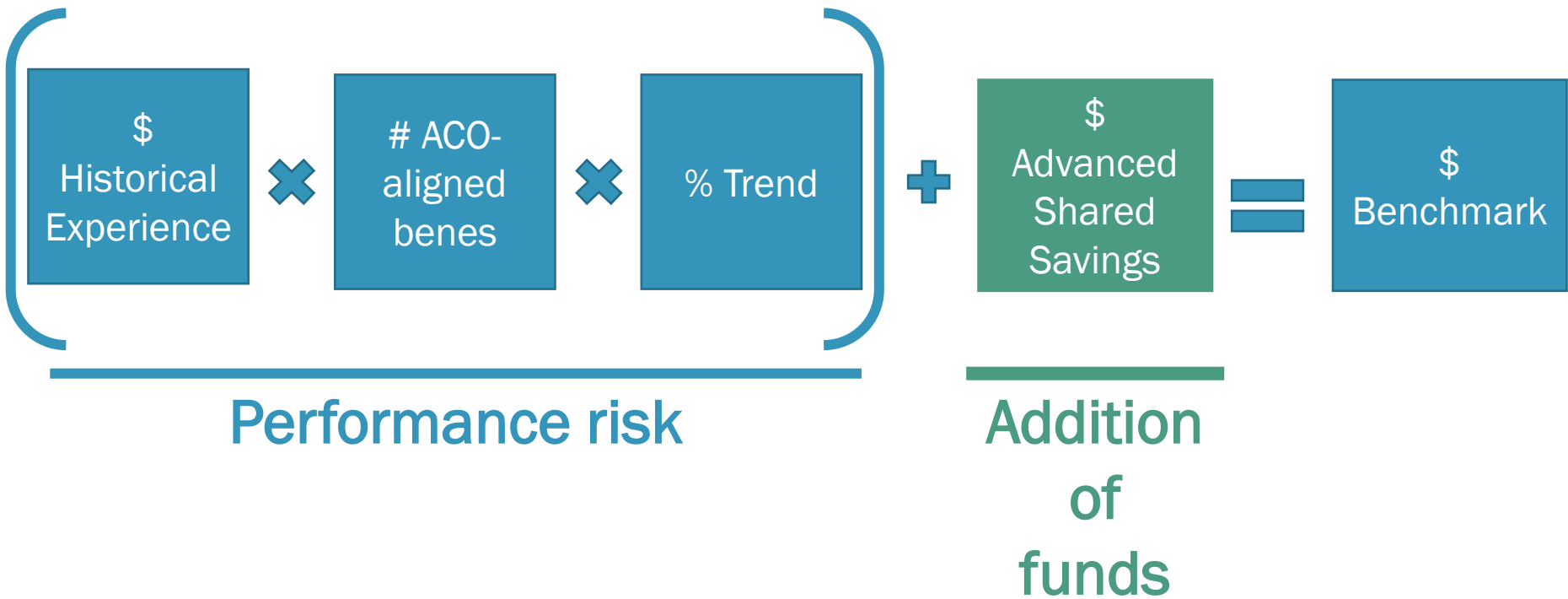
# Advanced Shared Savings



- Medicare's investments in the Blueprint for Health Programs ended in 2016, i.e.
  - Patient-Centered Medical Home (PCMH)
  - Community Health Team (CHT)
  - Support and Services at Home (SASH)
- The APM Agreement includes provisions to allow for their continued funding by Medicare through OneCare Vermont
- The funding is attached to the Medicare Benchmark but does not represent *performance risk*
- The shared savings advance is reconciled at settlement

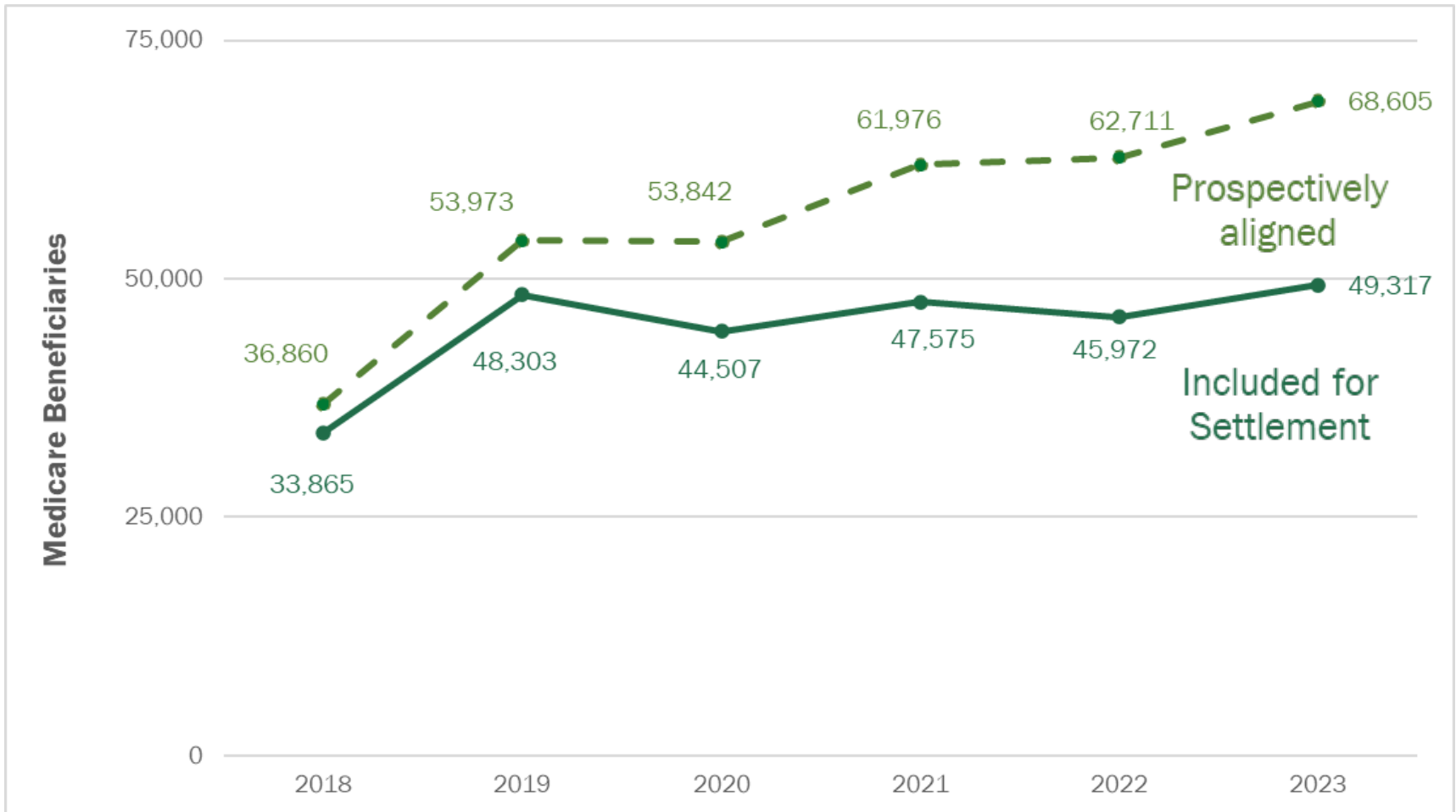


# Advanced Shared Savings in the Medicare Benchmark



# Experience to Date

# OneCare Vermont Medicare Participation



# Settlements



	2018	2019	2020	2021	2022	2023
Gross Savings / (Losses)	\$ 17,845,450	\$ 11,285,496	\$ 27,002,622	\$ 22,318,060	\$20,378,944	\$12,998,498
Cap on Savings / (Losses)	\$ 20,634,180	\$ 24,790,486	\$ 20,391,839	\$ 10,026,241	\$ 9,574,335	\$16,092,772
Capped Savings / (Losses)	\$ 17,845,450	\$ 11,285,496	\$ 20,391,839	\$ 10,026,241	\$ 9,574,335	\$12,998,498
Quality Adjustment	\$ -	\$ (196,758)	\$ -	\$ -	\$ (786,302)	\$ (702,411)
ACO Risk Arrangement	80%	100%	80%	100%	100%	100%
Adjusted capped savings / (Losses)	\$13,990,833*	\$11,285,496*	\$ 16,313,471	\$10,024,813*	\$9,564,328*	\$12,929,447*
Advanced Shared Savings	\$ 7,776,760	\$ 6,342,236	\$ 8,401,660	\$ 8,767,133	\$ 9,073,982	\$ 9,545,916
Net Settlement Adjusted for Advanced Shared Savings	\$ 6,214,073	\$ 4,943,260	\$ 7,911,811	\$ 1,233,926	\$ 490,346	\$3,383,531

\* Includes deduction for sequestration

# 2023 Settlement Caveat

- In 2023, the Net Settlement for the ACO was \$3.38 million
- 2023 Settlement included an adjustment based on a national case for [catheter fraud](#)
  - Total adjustment from the ACO's Medicare spend was **(\$4,815,330)**
- Had it not been for this adjustment, the ACO would have likely owed money back to CMS
- Because CMS did not have a resolution for these claims before the 2024 performance year, this adjustment will occur in the 2024 Settlement as well

# Impact to APM TCOC

- Based on preliminary estimates for 2023 run out and what we know of 2024, Vermont *may* exceed the 4.3% CAGR target (2017-2024)
  - The State Agreement implores the GMCB to steward the Medicare Benchmark to help meet the statewide targets
  - Preliminary data demonstrate that Medicare ACO expenditures *are not* driving the CAGR growth
  - Staff recommend the maximum trend for Medicare Benchmark (4.0%) to continue funding Blueprint and SASH programs at the maximum rate
- We intend to discuss this in detail at a future board meeting when we have complete data for 2023 and more data for 2024

# Staff Recommendation

- Use the maximum allowable trend for OneCare Vermont's Medicare Benchmarks:
  - 4.0% for Non-ESRD
  - 7.0% for ESRD
- Request advanced shared savings of \$10,354,645 to fund Blueprint for Health and SASH programs:
  - Blueprint: \$5,463,973
  - SASH: \$4,890,672