STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

FY25 ACCOUNTABLE CARE ORGANIZATION BUDGET ORDER

In re: Vytalize Health KS 25, LLC)
Fiscal Year 2025)
)
Docket No. 24-003-A

INTRODUCTION

The Green Mountain Care Board (GMCB or Board) is charged with reviewing, modifying, and approving the budgets of accountable care organizations (ACOs). 18 V.S.A. § 9382(b). An ACO is an organization of health care providers that has a formal legal structure and agrees to be accountable for the quality, cost, and overall care of the patients assigned to it. 18 V.S.A. § 9571(1). Below, we outline the legal framework for the Board's review of ACO budgets, identify the criteria we considered during our review of the FY25 budget of Vytalize Health KS 25, LLC (Vytalize), and present specific Findings and Conclusions in support of our Order approving Vytalize's FY25 budget.

LEGAL FRAMEWORK

The ACO oversight statute and GMCB Rule 5.000 require that the Board review, modify, and approve ACO budgets. 18 V.S.A. § 9382(b); GMCB Rule 5.000, § 5.405. The Board's review of an ACO's budget differs depending on the number of attributed lives the ACO is projected to have in Vermont. *Id*. For ACOs projected to have 10,000 or more attributed lives in Vermont, the Board reviews all budgetary factors outlined at 18 V.S.A. § 9382(b)(1). For ACOs projected to have fewer than 10,000 attributed lives in Vermont, such as Vytalize, "the Board may consider as many of the factors described in 18 V.S.A. § 9382(b)(1) as the Board deems appropriate to a specific ACO's size and scope." 18 V.S.A. § 9382(b)(2); GMCB Rule 5.000, § 5.405(c)(2).

Considering the size and scope of Vytalize's operations in Vermont, the Board's review of Vytalize's FY25 budget focused on the following factors from 18 V.S.A. § 9382(b)(1):

- information regarding utilization of the health care services delivered by health care providers participating in the ACO and the effects of care models on appropriate utilization, including the provision of innovative services;
- the character, competence, fiscal responsibility, and soundness of the ACO and its principals;
- any reports from professional review organizations;
- the ACO's efforts to prevent duplication of high-quality services being provided efficiently and effectively by existing community-based providers in the same geographic area, as well as its integration of efforts with the Blueprint for Health and its regional care collaboratives;

- public comment on all aspects of the ACO's costs and use and on the ACO's proposed budget;
- information gathered from meetings with the ACO to review and discuss its proposed budget for the forthcoming fiscal year;
- information on the ACO's administrative costs, as defined by the Board;
- the extent to which the ACO makes its costs transparent and easy to understand so that patients are aware of the costs of the health care services they receive; and
- the extent to which the ACO provides resources to primary care practices to ensure that care coordination and community services, such as mental health and substance use disorder counseling that are provided by community health teams, are available to patients without imposing unreasonable burdens on primary care providers or on ACO member organizations.

GMCB Staff Presentation, ACO Oversight FY25 Budget Review (Nov.13, 2024), 5-6.[1]

The Board's review of an ACO's budget must also consider any benchmarks the Board has established, the elements of the ACO's payer-specific programs, and any applicable requirements of 18 V.S.A. § 9551 or the Vermont All-Payer Accountable Care Organization Model Agreement between the State of Vermont and the Centers for Medicare and Medicaid Services (CMS). GMCB Rule 5.000, § 5.405(c).

The Board's annual ACO budget review is separate from its role in certifying ACOs. Certification is only required for an ACO "to be eligible to receive payments from Medicaid or commercial insurance through any payment reform program or initiative, including an all-payer model." 18 V.S.A. § 9382(a).

FY25 REVIEW PROCESS

The review process for Vytalize's FY25 budget is reflected in the following timeline:

06.20.24: The Board issued FY25 Budget Guidance and Reporting Requirements (FY25 Guidance) for Medicare-Only ACOs.[2]
11.01.24: Vytalize submitted its proposed FY25 budget to the Board.
11.13.24: Vytalize presented its budget at a hearing before the GMCB.
11.19.24: Vytalize responded to questions from the Board regarding its proposed budget.
11.20.24: Board staff presented analysis and recommendations regarding Vytalize's proposed FY25 budget. The Board voted to approve Vytalize's FY25 budget subject to the conditions described in this Order.

[1] ACO FY25 budget materials, including GMCB guidance documents, ACO budget submissions, professional reports, and GMCB staff analyses are available on the GMCB website at gmcboard.vermont.gov/aco-oversight. Board presentations are available at gmcboard.vermont.gov/2024-meetings. Recordings of GMCB hearings and deliberations are available at orcamedia.net and youtube.com/@GreenMountainCareBoard.

[2] For FY25, all ACOs with fewer than 10,000 projected attributed lives in Vermont are "Medicare-only" ACOs, meaning they do not seek to receive payments from Medicaid or commercial insurance in Vermont and are not subject to certification under 18 V.S.A. § 9382(a). As such, the Board's FY25 Guidance concerns review for all ACOs operating in Vermont that are subject to budget review under 18 V.S.A. § 9382(b)(2).

FINDINGS

Overview

1. Vytalize Health KS 25, LLC (Vytalize) is a New Jersey limited liability company. It is a subsidiary of Vytalize Health LLC, a Delaware limited liability company that owns several ACOs. *See* Budget Submission, 6; *see also* FY24 Vytalize Health 9 ACO Budget Order, 23-003-A, Findings, ¶ 1. Vytalize Health LLC is the parent company of Vytalize Health 9, an ACO REACH that had its first and final year of Vermont operation in 2024. *Id*.

2. Vytalize is participating in the Medicare Shared Savings Program (MSSP), which is run by the Centers for Medicare and Medicaid Services (CMS). *See* Vytalize Budget Submission, 14. Within the Shared Savings Program, Vytalize participates in Level E of the Basic risk track. *Id.*; *see also* Vytalize Budget Presentation (Nov. 13, 2024), 4.

3. In FY25 Vytalize projects it will be accountable for approximately 1,600 attributed Medicare beneficiaries in Vermont. *See* Vytalize Budget Presentation (Nov. 13, 2024), 4. Vytalize's provider network in Vermont includes two Federally Qualified Health Centers (FQHCs): Little Rivers Health Care and Mountain Community Health. *Id*.

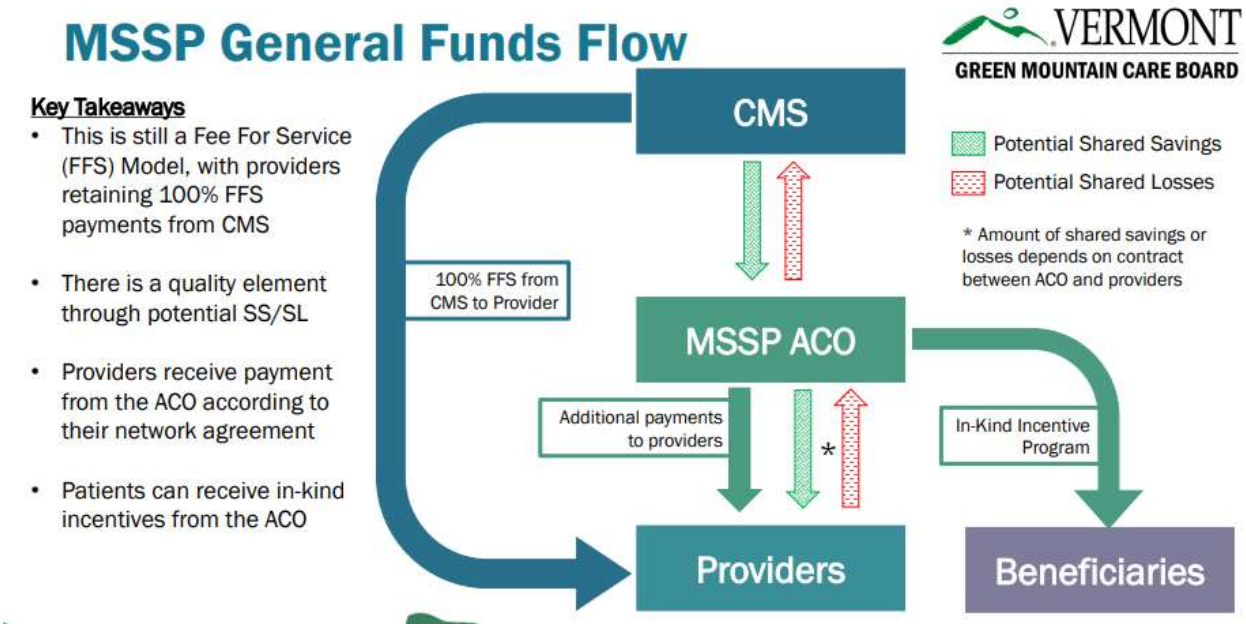
4. In addition to its operations in Vermont, Vytalize operates in 15 other states. *See* Vytalize Budget Submission, 3. Approximately 6% of its FY25 attributed lives will be in Vermont. *Id*.

5. On November 13, 2024, Vytalize's leadership presented to the GMCB at a public meeting regarding Vytalize's business model and operations in Vermont. *See* Vytalize Budget Presentation (Nov. 13, 2024).

Payer Program and Risk Model

6. Vytalize only participates in the Medicare Shared Savings Program. *See* Vytalize Budget Submission, App. B. The specific requirements for attribution to MSSP, which can be claims-based or voluntary, as well as the other parameters for participation in the program, are set by CMS.

7. MSSP is an ACO model in which CMS adjudicates claims and pays providers on a fee for service basis. *See* GMCB Staff Presentation (Nov. 20, 2024), 7. For a given performance year, CMS calculates the expected cost of care for the ACO's attributed lives and shares in the savings or losses with the ACO. The ACO pays providers according to the terms of its network agreements, which may include a requirement to share losses. *Id*. An ACO may also provide in-kind incentives to patients directly. The general flow of payments for the MSSP model (not Vytalize specifically) is outlined below:



Id.

8. In MSSP, CMS truncates claims experience at the 99th percentile in its calculation of an ACO's benchmark and its calculation of the ACO's performance. 42 C.F.R. § 425.652. By removing the top 1% of claims, the ACO's risk reflects less catastrophic claims expense.

9. An ACO may participate in the Shared Savings Program under either the Basic track, which consists of a glide path with increasing levels of risk, or the Enhanced track.[3] These tracks determine, in part, the potential savings or losses the ACO and its providers may incur.

10. Vytalize is participating in Level E of the Basic track. Vytalize will be eligible to earn first dollar savings at a shared savings rate of 50%, provided a minimum savings rate is exceeded. Vytalize's maximum potential shared savings will be equal to 10% of the total benchmark (i.e. the overall spending target for its attributed lives). Vytalize may also be liable for losses at a rate of 30%, provided a minimum loss rate is exceeded. Vytalize's maximum potential shared losses will be equal to 8% of ACO participant revenue, capped at 4% of the updated benchmark. *See* Vytalize Budget Submission, Appendix B; *see also* GMCB Staff Presentation, FY25 Medicare Only ACO Budget Review (Nov. 20, 2024), 18.

11. Level E of the Basic track is considered an Advanced Alternative Payment Model (APM) under CMS's Quality Payment Program, allowing participating providers to seek Qualifying APM Participant (QP) status. *See* Alternative Payment Models in the Quality Payment Program.[4] QPs are excluded from merit-based incentive payment system (MIPS)

[3] For general information about the Medicare Shared Savings Program, see https://www.cms.gov/medicare/payment/fee-for-service-providers/shared-savings-program-ssp-acos.
[4] https://qpp-cm-prod-content.s3.amazonaws.com/uploads/2180/2022%20and%202023%20Comprehensive%20List%20of%20APMs.pdf

reporting and payment adjustments. *See* CMS Advanced APMs Overview.[5] For 2025 and beyond, QPs are eligible for an increased physician fee schedule update. *Id.*

12. MSSP ACOs must establish a repayment mechanism in an amount set by CMS. Vytalize has established a repayment mechanism in accordance with CMS regulations that will allow CMS to collect the specified amount if Vytalize becomes liable for shared losses. *See* Vytalize Budget Submission, 6.

13. Vytalize's preliminary target for annual Vermont beneficiary expenditures, as resported to the GMCB, is $11,638 per beneficiary. *See* Vytalize Budget Submission, App. C.

Financials (Revenues and Expenses)

14. FY25 represents Vytalize's first year of operation in Vermont. *See* Vytalize Budget Submission, 5. As such, Vermont-specific actual financial performance has not yet been measured.

15. Although Vermont providers in Vytalize's network are eligible for shared savings, Vytalize assumes all risk of losses (i.e. downside risk), with no downside risk passed on to providers. *See* Vytalize Budget Submission, 6.

Model of Care

16. Vytalize's model of care prioritizes increases in annual wellness visits and improvements to transitional care management. *See* Vytalize Budget Submission, 8-9. Vytalize focuses on these areas, among others, with the goal of reducing overall healthcare costs and hospital readmissions for its attributed beneficiaries. *Id*.

17. Vytalize provides resources to network participants to support enhanced care coordination. The ACO provides data tools to network participants to improve patient participation in annual wellness visits. *See* Vytalize Budget Submission, 8. The ACO provides access to an ADT alert system for participating network participants. *Id*., at 9.

18. MSSP ACOs may take advantage of certain waivers of Medicare payment rules. For 2025, Vytalize is not offering any payment waivers to its network participants. *See* Vytalize Budget Submission, 9.

19. In an effort to prevent the duplication of services and integrate its efforts with the Blueprint for Health, Vytalize attended an orientation led by the Blueprint for Health in 2024. *See* FY24 Vytalize Health 9 ACO Budget Order, 23-003-A, Order, ¶ 6.

Integration with Vermont All-Payer Model Initiative

20. Providers that participate in MSSP cannot participate in other Medicare ACO initiatives, which means they cannot participate in Vermont's Medicare ACO Initiative.

[5] https://qpp.cms.gov/apms/advanced-apms

Public Comments

21. The Board did not receive any written public comments regarding Vytalize's FY25 budget. *See* GMCB Staff Presentation, FY25 Medicare Only ACO Budget Review, 3.

CONCLUSIONS

This Board does not have authority to certify or deny Vermont operations for an ACO that does not accept payment from Medicaid or commercial insurance. 18 V.S.A. §9382(a). Instead, our role is to approve or modify the proposed budget of the ACO each year that it operates in the state. 18 V.S.A. § 9382(b). When considering the budget of an ACO with less than 10,000 attributed lives in Vermont, we may consider as many of the criteria at 18 V.S.A. § 9382(b)(1) as we deem appropriate, considering the ACO's scope and size. 18 V.S.A. § 9382(b)(2); GMCB Rule 5.000, § 5.405(c). Considering Vytalize's limited size in Vermont, with approximately 1,600 attributed lives projected for FY25, and considering that much of Vytalize's model as an MSSP is established by CMS, we focus our review on the factors set out in the Legal Framework above. Findings, ¶¶ 2-3, 6. Vytalize bears the burden of justifying its proposed budget. GMCB Rule 5.000, § 5.405(a).

Although Vytalize Health 9 ACO, which operated in Vermont in 2024, is a subsidiary of Vytalize Health KS 25's parent company, Vytalize Health LLC, this marks the first year that Vytalize Health KS 25 is operating in the state. Findings, ¶ 1. Although the parent company is the same, Vytalize Health KS 25 is a separate legal entity from Vytalize Health 9. It has less attributed lives in Vermont but a higher percentage of total attributed lives in the state. It participates in the Shared Savings Program rather than ACO REACH, a separate CMS ACO model with a different payment structure. *See* Findings, ¶¶ 3-4, 7-10; *compare to* FY24 Vytalize Health 9 ACO Budget Order, 23-003-A, Findings, ¶¶ 5, 7, 9-12. As such, we treat Vytalize Health KS 25 as an ACO new to Vermont and make no conclusions about this ACO based on Vytalize Health 9's FY24 performance.

As a participant in Level E of the Basic risk track, Vytalize can obtain greater savings if its participants achieve significant performance results; however, to the same end, the ACO can incur greater losses, up to 30% of its total benchmark, should the total cost of care for its attributed lives exceed the benchmark by that amount. Findings, ¶ 10. Vytalize expects only two participants in Vermont for FY25. Findings, ¶ 3. Because the ACO assumes all risk of losses, with no downside risk passed on to providers, its financial performance will not result in shared losses incurred by network participants. Findings, ¶ 15.

Considering that 2025 is Vytalize's first year in Vermont, we conclude that it is appropriate to establish a performance baseline for its operations in the state. To that end, we include conditions for Vytalize to provide MSSP quality reporting, segmented for Vermont, and require Vytalize to collect data specific to its Vermont operations for the purpose of reporting to the GMCB after three years of performance in the state. Finally, we include reporting requirements should Vytalize or its parent company receive any notice of legal action, or a pretermination notice issued by CMS.

ORDER

Based on our Findings and Conclusions above, and pursuant to 18 V.S.A. § 9382, we hereby approve Vytalize's FY25 budget as submitted and subject to the conditions set forth below:

1. Vytalize shall provide the GMCB Vytalize's MSSP quality reporting, segmented for Vermont, with appropriate restrictions to protect patient confidentiality.

2. Following three performance years in Vermont, Vytalize shall provide to GMCB reporting for those years on GMCB-specified metrics, which may include the categories of inpatient medical, inpatient surgical, emergency department, professional office visits, ambulatory sensitive admissions, and any additional metrics. GMCB's Health Policy Project Director is delegated responsibility to develop templates and metrics and set deadlines for this reporting.

3. Within 14 days of receipt, Vytalize shall provide the GMCB and the Office of the Health Care Advocate a copy of any pretermination notice from CMS, including but not limited to a warning regarding noncompliance with Shared Savings Program requirements, a request for a corrective action plan, or a notice of a special monitoring plan. Vytalize shall additionally provide any follow-up communications from the ACO and CMS regarding the pretermination action, at the discretion of the GMCB and with authority delegated to GMCB's Health Policy Project Director.

4. Within 14 days of receipt, Vytalize shall provide the GMCB and Office of the Health Care Advocate notice of any legal action taken against the ACO or its parent company. Vytalize shall additionally provide any additional information at the discretion of the GMCB and with authority delegated to GMCB's Health Policy Project Director.

5. After notice and an opportunity to be heard, the GMCB may make such further orders as are necessary to carry out the purposes of this Order and 18 V.S.A. § 9382.

So ordered.

Dated: December 31, 2024 in Montpelier, Vermont

s/ Owen Foster, Chair)
)
s/ Jessica Holmes) GREEN MOUNTAIN
) CARE BOARD
s/ Robin Lunge) OF VERMONT
)
s/ David Murman)
)
s/ Thom Walsh)

Filed: December 31, 2024

Attest: s/ Jean Stetter
Green Mountain Care Board
Administrative Services Director

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