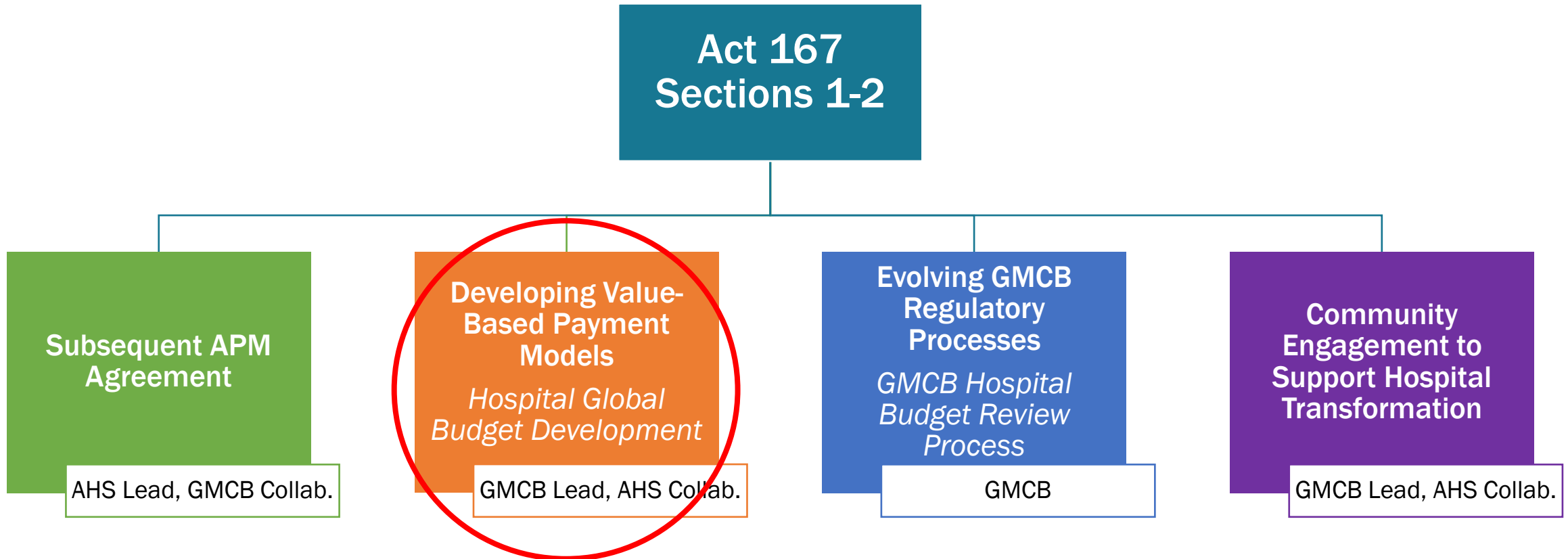


Global Payment Model Development and Global Budget Technical Advisory Group (TAG) Updates

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Act 167 Sections 1 and 2



PAYMENT MODEL DEVELOPMENT: Global Budget Technical Advisory Group (TAG) Update

Global Budget TAG

Purpose and Meeting Structure



Members: Representatives of hospitals, payers, unions, advocates; members invited based on technical expertise

Charge: Make recommendations for conceptual and technical specifications for a multi-payer Vermont hospital global budget program by the time CMMI introduces a future multi-state model.

- Anticipate federal limits and guardrails for any state-developed methodology to ensure alignment with federal principles
- Goal is a multi-payer model with broad commercial and Medicaid participation; “straw model” focused on Medicare to support CMMI negotiations, identifying areas where Medicaid and commercial may need to vary

Meetings: Approximately every 3 weeks for 2 hours from January-December 2023. [All materials posted publicly.](#)

Global Budget TAG

Analysis and Discussion Topics



Scope:

- Defining services included in hospital global budget payments
- Defining populations included in hospital global budget payments
- Commercial payer participation
- Provider participation

Calculating global payments:

- Calculating baseline budget
- Defining potential budget adjustments (annual, periodic, and ad hoc) and adjustment methodologies

Transformation, administration, evaluation:

- Strategies to support care transformation and quality
- Program administration
- Evaluation and monitoring

Scope of Hospital Global Budget

Included Populations



- **Medicaid:** Vermont Medicaid members
 - Not members of other state Medicaid programs
- **Medicare:** All Medicare FFS beneficiaries (VT residents and non-VT residents receiving care at Vermont hospitals)
- **Commercial:** As many commercially insured people as possible, including both VT and non-VT residents receiving care at Vermont hospitals.
 - Focus on including carriers with largest VT enrollment
 - Seek to include full book of business for participating insurers
- Prefer cross-payer alignment on methodology wherever appropriate

Scope of Hospital Global Budget

Included Services



- Phase 1: Hospital IP/OP
 - All hospital inpatient and outpatient services, with the possible exception of infrequent and high-cost hospital services, a question which the Technical Advisory Group will revisit.
- Future Phases: TAG recommended including additional services in payment scope, including professional services, other facility services, and non-patient revenue to better align scope with VTAPM
 - Data challenges: Linking professional and other facility services to hospitals
 - Professional services are first priority for Phase II

Scope of Hospital Global Budget

Hospital Participation



- Initial discussion at 10/10 TAG meeting
 - Informative feedback and perspectives from multiple participants, including hospitals, payers, advocates, union, and ACO
 - No consensus on whether voluntary, mandatory, a phased approach, or a different option was preferred
- Requires subsequent discussions and additional stakeholder engagement

Calculating Global Budgets and Payments

Baseline Budgets



- Use net patient revenue from Medicaid, Medicare, and participating commercial payers as the primary data source for determining baseline budget payments
- Calculate at the facility level (not the system-level)
- One-time adjustments to the baseline budget could accommodate factors such as:
 - Hospital financial condition, including hospital operating margins
- Prospective adjustments for:
 - Inflation trends
 - Membership/demographic changes
 - Policy changes (e.g., changes in Medicare and Medicaid payment)
 - Planned service line changes

Calculating Global Budgets and Payments

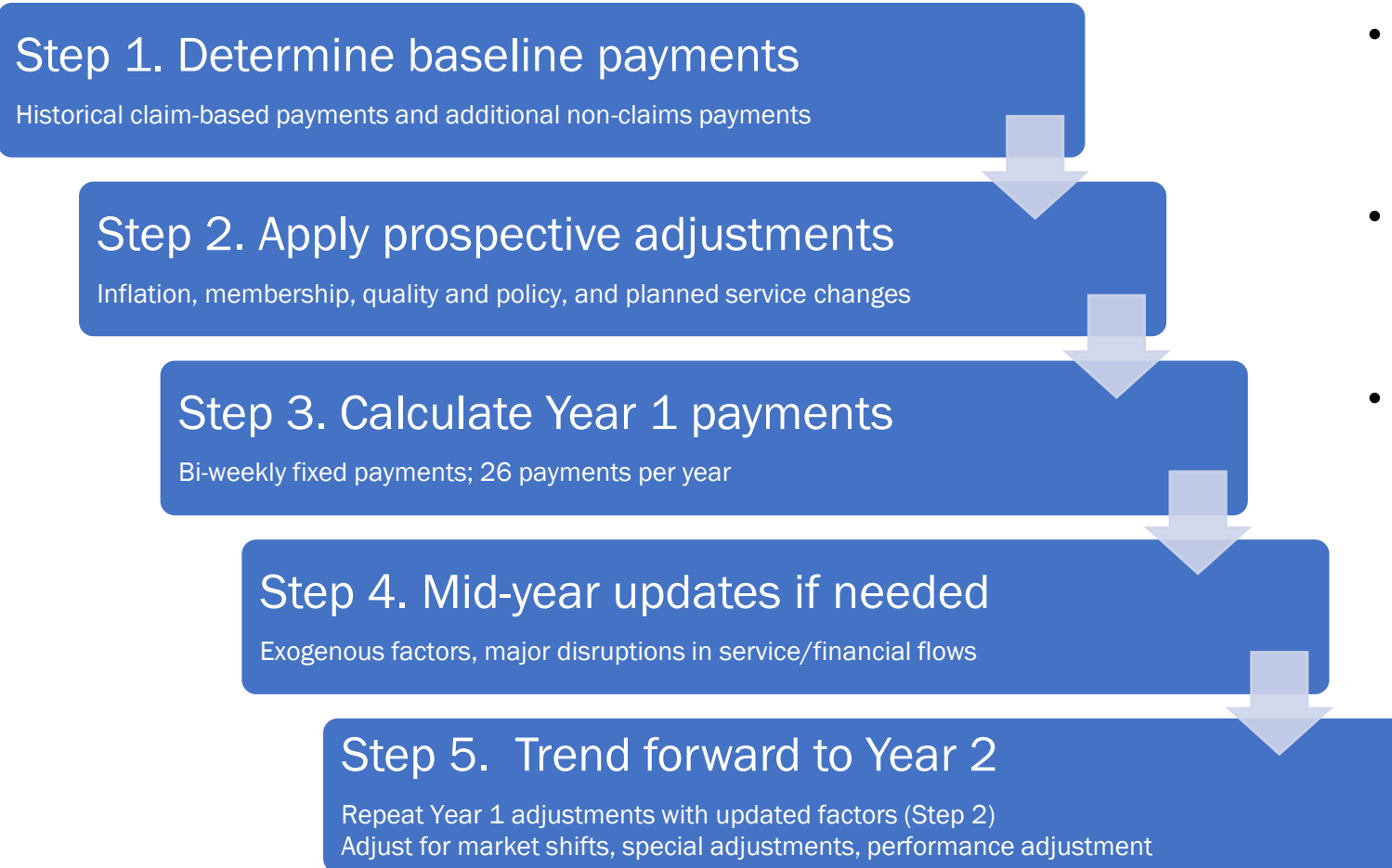
Annual Prospective and Ad Hoc Adjustments



- Annual prospective adjustments: All baseline adjustment factors (inflation trends; membership and demographic changes; policy adjustments; planned service line changes)
- Additional annual/ad hoc adjustments: TBD, could include
 - Market shifts
 - Special adjustments for tertiary/quaternary service volume; special CAH adjustments
 - Performance adjustments – TCOC (likely CMMI requirement); population health achievement; financial health and efficiency; service access review
- Consider adjustments to mitigate provider financial risk in extreme circumstances
 - Monitoring for (1) changes in utilization beyond a selected threshold or (2) negative margins beyond a certain threshold could trigger ad hoc adjustment for financial risk, informed by a hospital's financial position

Calculating Global Budgets and Payments

Medicare FFS Global Payment Straw Model



- Straw model describes main concepts in each step in global budget payment
- Many details still need to be determined (e.g., methodology for specific adjustments)
- Straw model focuses on **Medicare FFS** to support response to CMMI's AHEAD Model application
 - Commercial straw model planned for early 2024; will need to reflect unique considerations for commercial payers. Plan to seek alignment as much as possible/where appropriate

Provider Transformation; Global Budget Administration and Evaluation Transformation



- Initial discussion at 10/10 TAG meeting
 - Informative feedback and perspectives from multiple participants, including hospitals and advocates
 - Discussed how to achieve appropriate balance between local flexibility and control vs. hospital accountability for transformation, and how to ensure accountability mechanisms are useful and add minimal administrative burden
- Requires subsequent discussions and stakeholder engagement

Global Budget TAG

Progress and Future Plans



- Continue to build on Medicare FFS straw model
 - GB TAG recommendations are the key starting point; straw model factors in operational feasibility and data availability, as well as alignment with state goals
- Commercial straw model and hospital-specific Excel models in development for early 2024
- In the meantime, continuing to tackle key issues: budget administration, payment operations, and monitoring and evaluation
- Engaging with hospitals, payers, and other stakeholders to discuss straw model details and seek feedback through the remainder of 2023

[TAG materials are publicly available on the GMCB website](#)

Planned Stakeholder Engagement



- Late 2023:
 - Engage Vermont Association of Hospitals and Health Systems (VAHHS) board re: AHEAD model and Medicare FFS straw model
 - Engage critical access hospital (CAH) leaders re: CAH policy issues on Medicare FFS straw model
 - 1x1 payer engagement with commercial payers and DVHA
- Early 2024: Developing hospital-specific modeling