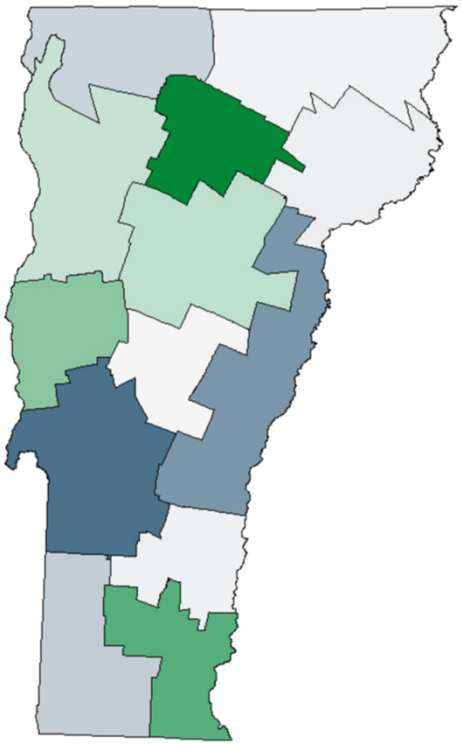

All-Payer Accountable Care Organization Model Update

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Green Mountain Care Board
January 12, 2017

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All-Payer ACO Model: What Is It?

- The All-Payer Model enables the three main payers of health care in Vermont – Medicaid, Medicare, and commercial insurance – to pay an Accountable Care Organization (ACO) differently than through fee-for-service reimbursement.
  - Facilitated by state law and an agreement between the State and the Centers for Medicare and Medicaid Services (CMS) that allows Medicare's participation

- Provides the opportunity to improve health care delivery to Vermonters, changing the emphasis from seeing patients more routinely for episodic illness to providing longitudinal and preventive care.

All-Payer ACO Model Agreement: Framework for Transformation

- State action on financial trends & quality measures
  - Moves from volume-driven fee-for-service payment to a value-based, pre-paid model for ACOs
    - ✓ All-Payer Growth Target: 3.5%
    - ✓ Medicare Growth Target: 0.1-0.2% below national projections
  - Requires alignment across Medicare, Medicaid, and participating Commercial payers

- Goals for improving the health of Vermonters
  - Improve access to primary care
  - Reduce deaths due to suicide and drug overdose
  - Reduce prevalence and morbidity of chronic disease

All-Payer ACO Model Agreement: First Step in a Multi-Step Process

Agreement signed in October 2016 is the first of 3 steps in creating an All-Payer ACO Model:

- **Step 1:** Agreement between CMS and VT provides an opportunity for private-sector, provider-led reform in VT
- **Step 2:** ACOs and payers (Medicaid, Medicare, Commercial) work together to develop ACO-level agreements
- **Step 3:** ACOs and providers that want to participate work together to develop provider-level agreements

Vermont's Foundation for Implementing an All-Payer ACO Model

- Act 48 of 2011 established the GMCB and emphasizes cost containment and quality improvement on a multi-payer basis.
- The GMCB has payment reform pilot authority and successfully implemented an ACO Shared Savings Program (SSP) pilot beginning in 2014.
- The SSP pilot established participation standards, developed with a stakeholder coalition, that could serve as a foundation for the All-Payer ACO Model.
- Vermont has a long-standing Medicaid 1115 waiver, with flexibility to pursue payment reform.

All-Payer ACO Model:
Opportunity to Achieve Vermont Goals

Innovation: Implementing a first-in-the-nation program that has the potential to support the GMCB's charge of reducing the rate of health care cost growth in Vermont while ensuring that the State maintains a high quality, accessible health care system.

Regulation: The GMCB currently regulates health insurance rates, hospital budgets and major capital expenditures. The Legislature has given the GMCB responsibility for ACO oversight and budget review. The All-Payer ACO Model requires the integration of these regulatory processes in order to meet system wide health care cost growth and quality targets.

Evaluation: The GMCB evaluates innovations (such as the All-Payer ACO Model), and proposals for what benefits should be included in Vermont's new health system.

Implementation is a Journey

What Does All-Payer ACO Model Implementation Look Like?

- ACOs and Payers (including Medicaid) are responsible for ACO Development and Implementation:
  - Establishing ACO Initiatives through ACO/Payer agreements (including financial incentives and linkage to ACO quality)
  - Developing analytic and reporting capacity
  - Implementing payment mechanisms
- ACOs and Providers are responsible for Delivery System Implementation:
  - Establishing ACO/provider agreements
  - Developing programs to improve care coordination and quality of care
  - Meeting scale targets

All-Payer ACO Model Implementation (cont'd)

- AHS is responsible for developing, offering, and implementing a Medicaid ACO Program
- GMCB is responsible for Regulatory Implementation:
  - Certifying ACOs (includes rulemaking)
  - Reviewing ACO budgets
  - Reviewing and advising on Medicaid ACO rates
  - Setting Commercial and Medicare rates for ACOs
  - Reporting on progress to CMS
  - Tracking financial benchmarks, scale targets and quality targets
  - Implementing changes to other GMCB processes to create an integrated regulatory approach (e.g., hospital budgets; health insurance premium rate review)

GMCB Goals and Regulatory Levers

Goal #1:
Vermont will reduce the rate of growth in health care expenditures

GMCB Regulatory Levers:

Hospital Budget Review

ACO Budget Review

ACO Certification

Medicare ACO Program Rate-Setting and Alignment

Health Insurance Rate Review

Certificate of Need

Goal #2:
Vermont will ensure and improve quality of and access to care

GMCB Regulatory Levers:

All-Payer Model Criteria

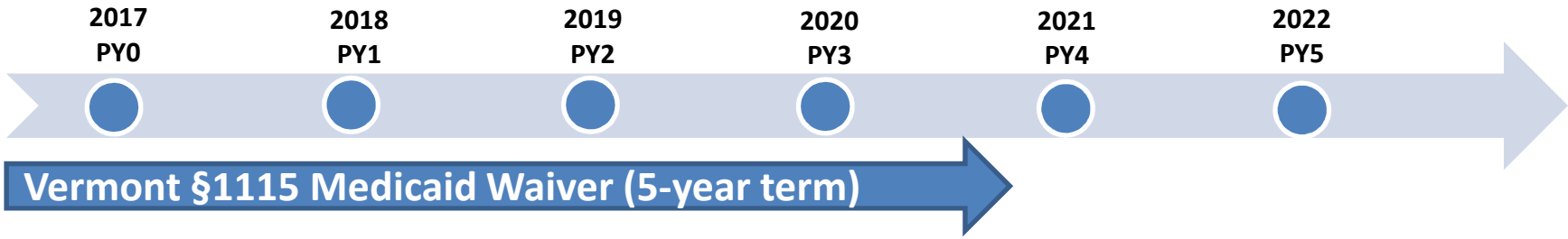
ACO Budget Review

ACO Certification

Quality Measurement and Reporting

INTEGRATION OF REGULATORY PROCESSES

Vermont All-Payer ACO Model Agreement Timeline



	2017 PY0	2018 PY1	2019 PY2	2020 PY3	2021 PY4	2022 PY5
	Jan 1– PY0 Begins **TBD -** Medicaid Next Gen ACO begins (tentative) -Medicare SSP continues -Commercial SSP continues (tentative)	**Jan 1–** VT Modified Medicare Next Gen ACO begins Commercial Modified Next Gen ACO begins (tentative)	**Jan 1–** VT Medicare ACO Initiative begins			**Dec 31–** PP ends
Scale Target (% Beneficiaries Aligned to ACO)		All-Payer 36% Medicare 60% Only Aligned VT Medicare Beneficiaries	All-Payer 50% Medicare 75% Only Aligned VT Medicare Beneficiaries	All-Payer 58% Medicare 79% VT Medicare Scale Target ≥ 65% = All Medicare Bene. VT Medicare Scale Target <65% = Only Aligned VT Medicare Bene.	All-Payer 62% Medicare 83% All VT Medicare Beneficiaries	All-Payer 70% Medicare 90% All VT Medicare Beneficiaries

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Vermont All-Payer ACO Model Agreement Reporting Timeline

Quarterly during PP– VT submits a Quarterly Financial Report of the State's performance on the All-Payer TCOC per Beneficiary Growth Target

Jun 30– All-Payer TCOC per Beneficiary Growth final results PY1

Jun 30– Annual ACO Scale Targets & Alignment Report for PY1

Sep 30– Annual Health Outcomes & Quality of Care Report for PY1

By end of PY2– Submit assessment of the Payer Differential as it affects VT ACOs

Jun 30– PY2 All-Payer TCOC final results, Annual ACO Scale Targets & Alignment Report for PY2, and a Plan for Public Health Accountability Framework

Sep 30– PY2 Annual Health Outcomes & Quality of Care Report

Dec 31–Plan for financing & delivery of Medicaid BH and HCBS with the All-payer Financial Target Services

By end of PY3– Submit options to narrow the Payer Differential during and after the PP

Jun 30– All-Payer TCOC per Beneficiary Growth final results PY3

Jun 30 – Annual ACO Scale Targets & Alignment Report for PY3

Sep 30– Annual Health Outcomes & Quality of Care Report for PY3

Dec 31– Optional proposal for subsequent 5 year Model (2023-2027)

Jun 30– All-Payer TCOC per Beneficiary Growth final results PY4

Jun 30 –Annual ACO Scale Targets & Alignment Report for PY4

Sep 30– Annual Health Outcomes & Quality of Care Report for PY4

Jun 30– All-Payer TCOC per Beneficiary Growth final results PY5

Jun 30 – Annual ACO Scale Targets & Alignment Report for PY5

Sep 30– Annual Health Outcomes & Quality of Care Report for PY5

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Examples of Implementation Activity

Federal and State collaboration	Legal & Regulatory	Reporting	Process Review
• Ensuring funding for PY0 2017 • Medicaid Advisory Rate Case	• ACO Certification and budget review for 2018 enactment • Timing of 2017 regulatory activities • Determining ACO rate for Medicare	• Financial • Quality • Scale Targets • Payer Differential • Ad-Hoc	• Insurance rate review & ACO commercial rate interplay • Hospital budget reviews & ACO budget review interplay

Excerpt of All-Payer ACO Agreement Work Plan

3	**Scale Targets**						
3.1	**AHS shall ensure that VT Medicaid offers a scale target ACO initiative to VT ACOs**	**VT**	**AHS**			**1/1/2018**	
3.2	**GMCB annual recommendation to AHS Secertary and VT Gen Assembly to increase Medicaid reimbursement rates comparable to Medicare FFS rates**	**VT**	**GMCB**				To be
3.3	**Annual ACO Scale Targets and Alignment Report**	**VT**				**30-Jun**	
3.3.1	Develop criteria for assessing "reasonable" alignment	VT	GMCB/AHS				
3.3.2	Develop process for reviewing Scale Target ACO Initiatives for alignment	VT	GMCB				
3.3.3	Conduct annual alignment review	VT	GMCB				
3.3.4	Cconduct data analysis to assess achievement of Annual Scale Targets	VT	GMCB				
3.3.5	Draft scale targets and annual alignment report	VT					
3.3.6	Review and collaborate to revise draft report	VT	GMCB/AHS				
3.3.7	Submit annual report to CMS	VT	GMCB			30-Jun	
3.3.8	CMS approves/disapproves state's assessment	CMMI					
4	**Payer Differential**	**VT**					
4.1	**Annual payer differential report**						
4.1.1	Determine percent increase in ACO benchmarks by payer	VT	GMCB				
4.1.2	Draft explanation for differences and impact of differences on VT ACOs	VT	GMCB				
4.1.3	Review draft report with AHS	VT	GMCB/AHS				
4.1.4	Submission of annual payer differential report to CMS	VT	GMCB			30-Mar	
4.2	**Performance year 2 payer differential report**						
4.2.1	Submission of assessment of the payer differential and affects on VT	VT	GMCB/AHS			12/31/2019	

Evaluating GMCB Progress

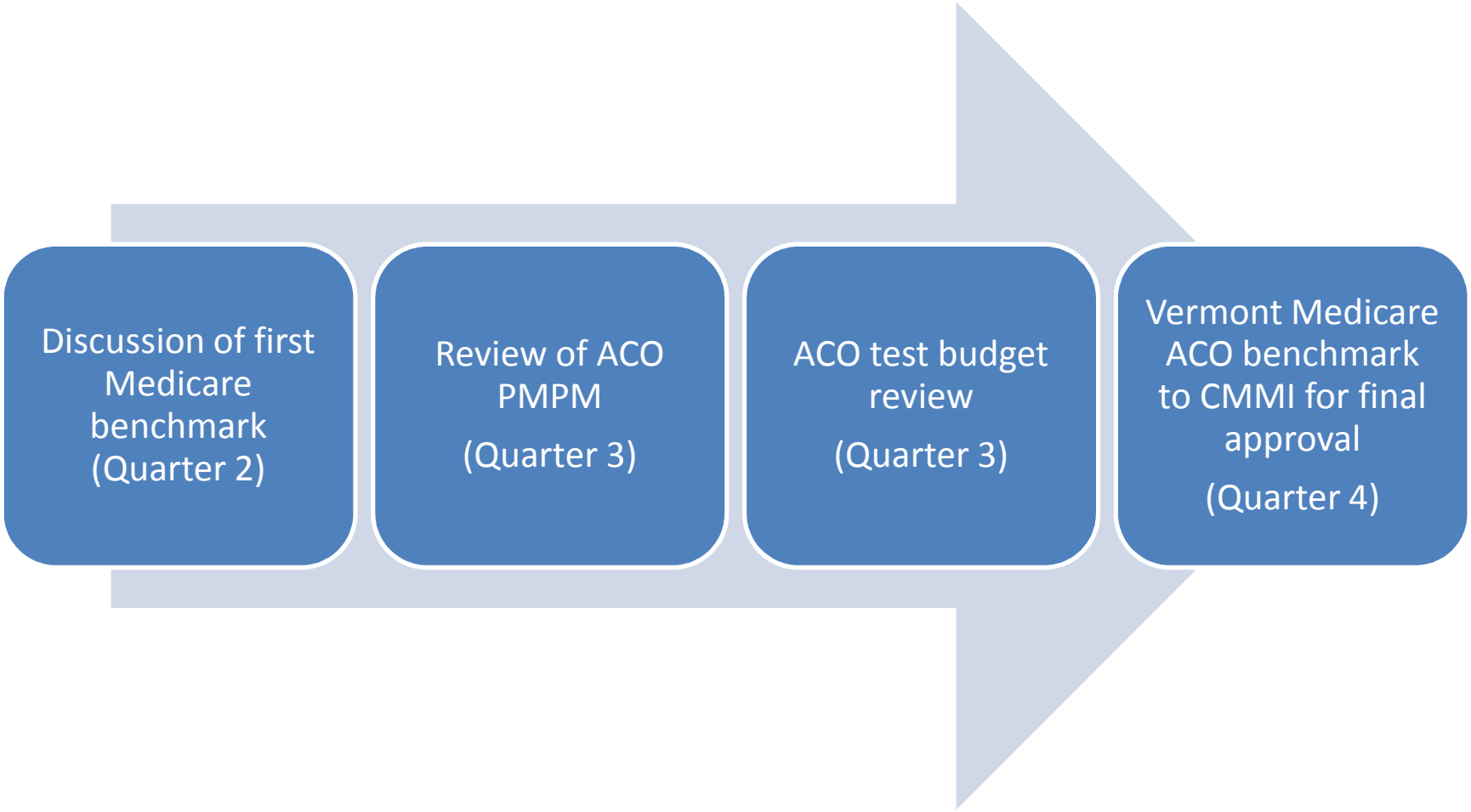
Recommended Metrics to Evaluate Progress:

- Implementation Activities Completed – *Starting in 2017*
- Dashboard depicting tasks in each work stream and their progress towards completion – *Starting in 2017*
- Financial and Quality Monitoring Reports – *Starting in 2018*

GMCB Implementation Activities Completed
(as of January 11, 2017)

- Establishing communication mechanisms with CMMI
- Establishing communication mechanisms with State government partners
- Establishing communication mechanisms with private sector partners
- Scheduling regular reporting to GMCB and public
- Applying for one-time funding for Blueprint, SASH and ACO *(Agreement)*
- Conducting advisory Medicaid ACO rate case *(Act 113)*
- Establishing and convening Primary Care Advisory Group *(Act 113)*
- Issuing report on multi-year ACO budgets *(Act 113)*
- Providing consultation on AHS Medicaid Pathway Report *(Act 113)*

Draft Timeline: 2017 Board Actions



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Discussion