All-Payer Accountable Care Organization Model Update

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Green Mountain Care Board
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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

<table>
<thead>
<tr>
<th>Year</th>
<th>ACO Beginnings</th>
<th>Scale Target (% Beneficiaries Aligned to ACO)</th>
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<tbody>
<tr>
<td>2017 PY0</td>
<td>Jan 1– VT Modified Medicare Next Gen ACO begins</td>
<td>All-Payer 36% Medicare 60%</td>
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<tr>
<td>2018 PY1</td>
<td>TBD - Medicaid Next Gen ACO begins (tentative)</td>
<td>Only Aligned VT Medicare Beneficiaries</td>
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<tr>
<td>2019 PY2</td>
<td>Jan 1– VT Medicare ACO Initiative begins</td>
<td>All-Payer 50% Medicare 75%</td>
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<td>2020 PY3</td>
<td>Jan 1– VT Medicare ACO Initiative begins</td>
<td>Only Aligned VT Medicare Beneficiaries</td>
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<td>2021 PY4</td>
<td>Jan 1– VT Medicare ACO Initiative begins</td>
<td>All-Payer 58% Medicare 79%</td>
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<tr>
<td>2022 PY5</td>
<td>Jan 1– VT Medicare ACO Initiative begins</td>
<td>All-Payer 62% Medicare 83%</td>
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Vermont §1115 Medicaid Waiver (5-year term)

- Jan 1– PY0 Begins
- Jan 1– VT Modified Medicare Next Gen ACO begins
- Jan 1– VT Medicare ACO Initiative begins
- Dec 31– PP ends

Scale Target (% Beneficiaries Aligned to ACO)

- All-Payer 36%
- All-Payer 50%
- All-Payer 58%
- All-Payer 62%
- All-Payer 70%
- Medicare 60%
- Medicare 75%
- Medicare 79%
- Medicare 83%
- Medicare 90%
- Only Aligned VT Medicare Beneficiaries
- VT Medicare Scale Target ≥ 65% = All Medicare Bene.
- VT Medicare Scale Target <65% = Only Aligned VT Medicare Bene.
# Vermont All-Payer ACO Model Agreement

## Reporting Timeline

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<thead>
<tr>
<th>Year</th>
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<td>2018</td>
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**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

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

**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
## Examples of Implementation Activity

<table>
<thead>
<tr>
<th>Federal and State collaboration</th>
<th>Legal &amp; Regulatory</th>
<th>Reporting</th>
<th>Process Review</th>
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<tr>
<td>• Ensuring funding for PY0 2017</td>
<td>• ACO Certification and budget review for 2018 enactment</td>
<td>• Financial</td>
<td>• Insurance rate review &amp; ACO commercial rate interplay</td>
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<tr>
<td>• Medicaid Advisory Rate Case</td>
<td>• Timing of 2017 regulatory activities</td>
<td>• Quality</td>
<td>• Hospital budget reviews &amp; ACO budget review interplay</td>
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<td>• Determining ACO rate for Medicare</td>
<td>• Scale Targets</td>
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<td>• Payer Differential</td>
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## 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 Secretary 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 | GMCB/AHS | 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 | Conduct data analysis to assess achievement of Annual Scale Targets | VT | GMCB | |
| 3.3.5 | Draft scale targets and annual alignment report | VT | GMCB | |
| 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

| 4.1 | Annual payer differential report | VT | |
| 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

1. Discussion of first Medicare benchmark (Quarter 2)
2. Review of ACO PMPM (Quarter 3)
3. ACO test budget review (Quarter 3)
4. Vermont Medicare ACO benchmark to CMMI for final approval (Quarter 4)
Discussion