

MEMORANDUM

TO: Sara Barry, Chief Operating Officer; Joan Zipko, ACO Planning and Operations Director; Josiah Mueller, Director of Value Based Care (OneCare)

FROM: Sarah Kinsler, Director of Health Systems Policy; Marisa Melamed, Associate Director of Health Systems Policy; Michelle Sawyer, Health Policy Project Director; Jennifer DaPolito, Health Policy Analyst (GMCB)

RE: Status of Medicare ACO Performance Benchmarking Report and report guidance for March 31 budget resubmission (FY23 Budget Condition #1)

DATE: February 27, 2023

GMCB, in its review of OCV's FY22 budget, required OCV to "implement a reputable and effective ACO benchmarking system to compare key quality, cost, and utilization metrics to national benchmarks" ([FY22 OneCare Vermont Budget Order, February 17, 2022](#)).

Based on submissions to date, the GMCB is concerned that OCV's selected benchmarking system will not meet the requirements or spirit of the [FY23 Budget Condition #1](#) as voted on December 21, 2022; those concerns are described below. When the March 31 benchmarking report is submitted, GMCB staff will advise the Board Members of staff's assessment of the report against this condition and will determine whether the requirements have been satisfied. If the updated March 31 benchmarking report does not sufficiently address the questions and deficiencies outlined below, GMCB may discuss enforcement action.

Background

The FY22 Budget Order requirements were based on recommendations presented to the GMCB and the public by Damore Health Advisors (see Damore Health Advisors [memo](#), "Benchmarking as a tool for performance improvement", p. 2, and recommendation, p. 3):

***Benchmarking:** GMCB should require OCV to implement a reputable benchmarking system for each payer population starting with the Medicare population. This would include OCV reporting benchmarking and financial results to GMCB on a quarterly basis. Medicare benchmarking tools are available from multiple sources, including Milliman, Premier's Population Health Management Collaborative, and the NAACOS Institute for Accountable Care. Premier's benchmarking product includes access to best practices from 70 ACOs with over two million Medicare beneficiaries. Benchmarking systems can be purchased for an annual fee of less than \$90,000 per year that would include best practices data and the identification of specific ACOs that are performing at the best practice level (top decile) in specific areas [emphasis added]. Based upon 10 years of experience with these ACO benchmarking programs, the ROI of this investment should easily exceed 8:1 for OCV through increased shared savings.*



In the FY22 budget process, the GMCB asked OneCare if they used or planned to use a performance benchmarking system ([Question 9, FY22 Responses to Round 1 Questions](#)) and at the FY22 OneCare Budget hearing, benchmarking for performance improvement was discussed in various places [Hearing Transcript](#) (p. 150-151 and other places; keyword: “benchmark-”). Building on this information, in FY22 and FY23, GMCB outlined requirements for OCV to implement an ACO benchmarking system to be used to support improvement and transformation at the ACO level as well as to be submitted to GMCB as a regulatory tool. Since then, GMCB staff and OCV staff have been in consistent communication regarding OCV’s compliance with this requirement.

Assessment of Current ACO Benchmarking Submission

Staff analyses and Board member discussion during the FY23 OCV budget review process identified necessary improvements to meet the requirements and intent of GMCB’s FY22 OCV budget decision, including: Improvements to the benchmarking report to identify best performers and best practices, clarify required methodology for comparison to best performers (per measure, rather than identifying individual high-performing ACOs and comparing across measures), establish a ROI calculation for areas of improvement, and implement a larger and more transparent comparison cohort. An improved benchmarking report is an asset to high-performing ACOs and will benefit OneCare and its ability to monitor its programs’ effectiveness and outcomes and identify focus areas for population health investment.

In an email on January 5, 2023, OneCare proposed two changes to the report to address the following concerns raised above:

- OneCare proposed adding the full 513 ACOs identified in an early preview of the report as a national comparison.
- OneCare proposed comparing OneCare against the 90th percentile separately for each metric.

Outstanding Questions and Requests

GMCB requires more information from OCV before it determines whether this proposed approach and the report submitted on March 31 will meet the FY23 Budget Condition. These questions, which GMCB staff have previously communicated to OCV, are listed below. **Please respond to the following requests and questions by March 31.**

1. **Meeting with Vendor to Clarify Report Methodology:** GMCB requires a meeting with OneCare and its benchmarking contractor’s analyst(s) to better understand the methodology used in OneCare’s October 2022 version of the report and subsequent changes for the March 2023 submission. The meeting should include a GMCB Member, GMCB analysts, and GMCB technical advisors to make sure the functional needs of the report align with the technical specifications. Note that this has been a consistent GMCB request since the vendor was selected and approved in early 2022.
2. **Vendor Selection:** Market research performed at the time this recommendation was made to GMCB, as well as GMCB staff’s understanding from discussions with OCV during the vendor selection process, was that there were 2-3 “reputable” products on the market for ACO performance benchmarking, meaning established products with a track record that meets industry standards. In the early spring of 2022, OneCare completed an evaluation of the two potential vendors with major reputable benchmarking products that were currently in the market which would meet the majority of the GMCB requirements. OneCare’s chosen vendor offers an existing reputable ACO benchmarking product. Based on OneCare’s assessment of the two credible products provided to GMCB with OCV’s request to approve their chosen vendor, GMCB was



under the impression that OneCare selected the “off-the-shelf” product produced by their chosen vendor; however, GMCB has become aware that the benchmarking report submitted in October 2022 is a customized report. The GMCB is interested in understanding why OCV’s vendor recommended and created a customized report to satisfy the GMCB FY22 Budget Order Condition, rather than using their reputable off-the-shelf product.

- a. How does the methodology in the custom report produced for OCV compare to the off-the-shelf product, for example, as it relates to identifying ACO benchmarks of "Loosely-Managed" (50th percentile) and "Well-Managed" (90th percentile) for each measure?
 - b. Did OneCare consider using the vendor’s off-the-shelf product? Please explain the rationale for creating a customized report.
3. **Future Reports:** Attached is an analysis of OCV’s October 2022 benchmarking report identifying areas where the report does not meet the requirements set out in GMCB’s subsequent FY23 budget vote; this was previously provided to OCV staff. Please respond to the following questions:
- a. How does OCV propose to meet the requirement that the report identify top performers in each metric?
 - b. OCV has indicated that in the future, its vendor will produce two reports: one version for OCV’s network utilizing the October 2022 report template and methodology, and a separate version for submission to the GMCB. As mentioned by Board Members in their public discussions of OCV’s FY23 budget, this is contrary to the purpose of GMCB’s FY22 Budget Order Condition, which required that the benchmarking report be used to support transformation within the OCV network through identification of best practices and ROI estimation. How can OCV’s strategy of separate reports for its network and GMCB meet this requirement, given that the October 2022 report did not allow for identification of best practices by metric or ROI estimation?



ATTACHMENT:

GMCB Staff Assessment – October 2022 Benchmarking Report Deficiencies

Excerpted from email from Marisa Melamed to Joan Zipko (January 12, 2023)

The FY23 condition language captures the required changes to the first report submitted in October 2022. The GMCB staff identified the areas in **bold** as those which the first report submitted to the GMCB in October 2022 does not meet the FY23 Budget Order requirement. Additional comments regarding the requirement are italicized.

1. OneCare must continue to support an ACO performance benchmarking tool that compares key quality, cost, and utilization metrics to national ACO metrics in accordance with its FY22 Budget Order and further defined by this Order. The ACO performance benchmarking tool must:
 - a. Allow the ACO and the GMCB to assess OneCare’s performance against peer ACO’s or integrated health systems by **comparing OneCare ACO-level performance metrics to a broad national cohort of ACOs in five key areas, as available and appropriate:**
 - i. Utilization
 - ii. Cost per capita
 - iii. Patient satisfaction/engagement
 - iv. Quality
 - v. Evidence-based clinical appropriateness

GMCB vendor selection criteria specified >1 million lives. The smaller comparison group based on selection criteria was requested by OCV and the GMCB agreed to include a smaller group (or regional group) in addition to a larger, national group, but not instead of.¹
 - a. **Compare ACO performance metrics to at least the 50th and 90th percentiles**, though comparison by quartile or decile is preferred, **by each metric to allow for identification of top performers by measure in each key area.** *[Emphasis added] The current report does not allow for identification of top performers in each area. A larger national cohort would allow for a larger 90th percentile/top performer group from which to glean best-practices and opportunities. OCV responses to this requirement indicate that Milliman included the 90th percentile only because the GMCB required it. How does OCV propose to meet the requirement that the report identify top performers in each metric?².*
 - b. Enhance OneCare’s ACO-level performance management strategy, including integration of best practices and priority opportunities identified through benchmarking and peer networking in the OneCare Quality Evaluation and Improvement Program. *The GMCB would expect to see this as the report is finalized, analyzed, and rolled out to the network as part of OneCare’s reporting package.*
 - c. Improve regulatory reporting and performance assessment by providing the benchmarking comparisons to targets at least semiannually to the GMCB.
 - i. FY23 Guidance laid out future expectations for setting targets for performance benchmarks at or above the 50th percentile and that any Performance Improvement Plans should include best practices identified through top-performers (90th percentile). *This concept was introduced in the FY23 Guidance and Review process and the GMCB expects it to progress in the FY24 Guidance.*
- a. An updated benchmarking report must be submitted to the Board by March 31, 2023.
- b. Meet the standards and methods for the report as specified by this Order and the ACO Reporting Manual. The GMCB Board Chair is authorized to delegate authority to one or two GMCB Board Members and the GMCB Director of Health Systems Policy to review and approve proposed revisions to the report.

