



State of Vermont
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June 30, 2021

Rivka Friedman
Director, State Innovations Group
Acting Director, Prevention and Population Health Group
Center for Medicare and Medicaid Innovation
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD21244-1850

Dear Ms. Friedman,

In its letter to CMMI dated December 10, 2020, the Vermont signatories on the All-Payer Accountable Care Organization Model (APM) Agreement described challenges to achieving the scale targets set out in the Agreement and strategies the state intended to pursue to improve scale performance. This letter provides an update on Vermont's work to increase Model scale and offers some Vermont-developed alternative measures of scale that provide additional insight into the Model's reach.

Scale Strategy Progress Update

1. Reduced Risk Corridor: For 2021, the State signatories and CMMI partnered to offer the ACO a reduced risk corridor to support increased rural hospital participation, with reductions in the risk corridor tied to scale. This allowed Rutland Regional Medical Center to join the model in 2021, adding approximately 7,500 Medicare beneficiaries.
2. CAH Cost Report Guidance: Vermont requested that CMS offer written guidance or best practices for cost reporting by critical access hospitals (CAHs) that are receiving Medicare prospective payments. CMMI indicated that they will satisfy this request.
3. Moving Toward True Fixed Payments in Vermont Medicare ACO Initiative: The State signatories indicated that they would like to partner with CMS to establish a path for the Vermont Medicare ACO Initiative to increase opportunities for flexible, predictable, and sustainable population health payments to providers, building on lessons learned from the Vermont Medicaid Next Generation (VMNG) ACO program. Vermont and Innovation Center staff have discussed this opportunity.
4. State Employee Health Plan Participation: Vermont indicated that it would include State Employee Health Plan members for attribution to OneCare Vermont in 2021 (PY4) and this change has occurred. This added 12,675 commercially-insured Vermonters to scale target qualifying initiatives.

5. *Engaging Self-Funded Groups*: Vermont indicated that it would educate non-participating self-funded groups, including hospitals, teachers, and the broader business community about the benefits of participation in a value-based payment and delivery system transformation model. The Agency of Human Services (AHS) will be conducting outreach regarding the benefits of participating in value-based models during summer/fall 2021.
6. *Payer Engagement*: Vermont indicated that it would educate non-participating payers about the benefits of participation in value-based payment and delivery system transformation model. The AHS will lead on educating non-participating payers during summer/fall 2021.
7. *ACO Scale Strategy*: Vermont also indicated that it would continue requiring the ACO to provide updates on their scale strategy, including an update to activities identified in the 2019 Scale Survey and submission of a workplan to achieve goals associated with each activity.
8. *Stabilization Grants*: Finally, the State indicated that it would issue Health Care Provider Stabilization Grants to providers that maintain current levels of participation in value-based payment models. The state issued more than \$145 million in health care stabilization funding, all contingent on maintaining current levels of participation in value-based payment. This requirement was enshrined in Vermont statute, Act 136 of 2020.

While the strategies described above are in play and have led to gains in scale, improvement in these areas alone will not make it possible to meet the scale targets as specified in the model Agreement. As we have indicated in the past and as discussed in the body of the report that this letter precedes, the scale targets as specified are unattainable due to numerous factors to include how Vermonters are attributed to the Model for scale.

Alternative Measures of All-Payer Scale for CMMI Consideration

Vermont's December 10, 2020, letter to CMMI also highlighted that the scale target denominator in the Agreement (Section 6.c) holds Vermont Accountable for payers and populations over which the state has limited data and no regulatory control. At that time the State asked that CMMI consider: (1) Removing Medicare Advantage members from the all-payer scale target denominator (approximately 17,700 in 2019); (2) Removing members of self-insured employer plans from the all-payer scale target denominator, with the exception of Vermont's state employee health plan and plans participating in a scale target ACO initiative (approximately 130,000); and (3) Removing Vermonters who receive the preponderance of their care outside of Vermont from the Medicare and all-payer scale target denominators (approximately 20,700 Medicare beneficiaries as of 2018).

In light of the time remaining in the Agreement and the clearance process that would be necessary for any of the changes above, the Vermont signatories do not think that it is worthwhile to amend the Agreement at this juncture, but respectfully request that CMMI consider the alternative scale target assessment strategies developed by the GMCB included in Annual ACO Scale Targets and Alignment Report Performance Year 3 (2020) when evaluating the state's performance in the final years of this agreement.

Summary of Alternative All-Payer Scale Measures

Alternative Measure	Measure Description	Rationale
Adjusted All-Payer Scale	Removes self-funded groups without data available in VHCURES and the Medicare Advantage populations from scale target denominator calculation	Adjusts the scale target calculation to better reflect data available to the State of Vermont as well as the State's regulatory influence
Proportion of Hospital Revenue	Estimates proportion of prospective payments to hospitals compared with hospital revenue in scope for APM risk-based arrangements	Provides estimate of APM penetration at Vermont's hospitals
Proportion of Providers Participating in the APM	Compares ACO's network with potential participants statewide	Since Vermont residents may attribute to providers practicing out-of-state, this provides a better gauge for the ACO network penetration in Vermont

Summary of Alternative Medicare Scale Measures


Alternative Measure	Measure Description	Rationale
Adjusted Medicare Scale	Excludes Medicare beneficiaries who are not eligible for attribution.	Adjusts the Medicare scale target denominator to reflect eligible population.

These measures take into consideration the shared goals of a statewide model that moves away from fee-for-service reimbursement while recognizing that some factors that influence whether an individual Vermonter is attributed to the reimbursement model may or may not be within the State's control. For more detail, see Sections 4 and 5 of the full report.

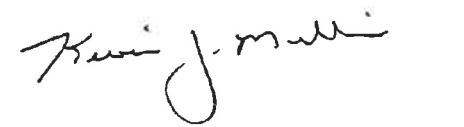
Looking Ahead

Thank you for the opportunity to provide this update. The Vermont signatories to the APM Agreement remain enthusiastically committed to continuing our work with CMMI to drive transformation in health care payment and care delivery and look forward to our continued partnership.

Sincerely,



Michael K. Smith
Secretary



Kevin Mullin
Chair, Green Mountain Care Board