
Green Mountain Care Board
Accountable Care Organization Oversight
Guidance re Rule 5.000, § 5.203(a)

This document establishes guidance for accountable care organizations (ACOs) regarding Green Mountain Care Board (GMCB) Rule 5.000 (Rule), § 5.203(a). This section of the Rule states that “[a]n ACO must have a leadership and management structure that aligns with and supports the ACO’s efforts to improve Quality of Care, improve population health, and reduce the rate of growth in health care expenditures.”

To comply with § 5.203(a) of the Rule, an ACO must structure its executive compensation to achieve specific and measurable goals that support the ACO’s efforts to reduce cost growth or improve the quality and overall care of Enrollees, or both. This requirement is in addition to other requirements related to an ACO’s leadership and management structure under the Rule.

Executive compensation structure is a necessary part of an ACO’s leadership and management structure. Achieving specific and measurable goals to support reduction in cost growth or improvement of quality and overall care, aligns with and supports the ACO’s “efforts to improve Quality of Care, improve population health, and reduce the rate of growth in health care expenditures.” Rule § 5.203(a). The GMCB’s experience establishing ACO budgets under § 5.400 of the Rule, which includes review of an ACO’s administrative costs, wage and salary data, and review of an ACO’s structure, governance, and management, informed the GMCB’s conclusion that an ACO’s executive compensation plan is a requisite component of the ACO’s leadership and management structure.

The Rule was adopted to ensure, among other things, that the ACO-based payment reform model in Vermont is implemented in a way consistent with the health care reform principles stated in 18 V.S.A. § 9371. Rule §5.102. Those principles include that “[t]he health care system must be transparent in design, efficient in operation, and accountable to the people it serves” and “Vermont’s health care system must include mechanisms for containing all system costs and eliminating unnecessary expenditures, including by reducing administrative costs and by reducing costs that do not contribute to efficient, high-quality health services or improve health outcomes. Efforts to reduce overall health care costs should identify sources of excess cost growth.” 18 V.S.A. § 9371(3), (10). This guidance regarding the structure of an ACO’s executive compensation advances both principles of health care reform.

Applications for certification of an ACO “must conform to any guidance or bulletins issued by the Board regarding the certification requirements in sections 5.201 through 5.210 of this Rule.” Rule § 5.203(d). A previously certified ACO must submit each year an eligibility verification that verifies the ACO meets the requirements of 18 V.S.A. § 9382 and the requirements of the Rule. Rule § 5.305.

Capitalized terms used but not defined in this guidance shall have the meanings given to such terms in the Rule. This document does not affect an ACO’s other notice requirements established by statute, rule, or order.

Dated: May 12, 2021 at Montpelier, Vermont.

