

## VERMONT ALL-PAYER ACO MODEL – APM FINANCIAL TARGET SUMMARY

The All-Payer ACO Model Agreement includes financial targets under which the state is responsible for limiting all-payer and Medicare cost growth over the five-year period of the Agreement, with 2017 as a baseline year.

| APM Financial Targets |  |
|-----------------------|--|
| All-Payer             | <3.5% compound annualized growth rate from Baseline (2017) to PY5 (2022) |
| Medicare              | 0.2% lower than national Medicare growth trend                           |

Financial Targets are designed to bring health care spending more in line with state economic growth and national trends to ensure that Vermont achieves cost savings from the All-Payer ACO Model, both for Medicare and for the State of Vermont as a whole.

APM Total Cost of Care (TCOC) per Beneficiary is the cost of care per Vermonter for a specified set of services. APM TCOC differs from other measures of health system cost such as ACO spending per beneficiary, total Vermont health care expenditures, and hospital net patient revenue; it is limited to a specific population and set of services.

### Calculating All-Payer TCOC

Vermont All-Payer TCOC per Beneficiary Growth will be calculated in aggregate as a compounded annualized growth rate across PYs 1-5, using 2017 as a baseline.

$$\frac{\text{Vermont All-Payer TCOC}}{\text{Vermont All-Payer TCOC Beneficiaries}}$$

- The Vermont All-Payer TCOC numerator includes spending on Medicare Part A and B-equivalent services, though services vary somewhat by payer type. Payments include health care claims and some non-claims payments (prospective payments, shared savings payments, Blueprint for Health payments, etc.).
- The Vermont All-Payer TCOC denominator includes all insured Vermonters, excluding members of plans without a Certificate of Authority from the Vermont Department of Financial Regulation, and excluding self-funded employer plans that decline to submit data to Vermont's all-payer claims database, VHCURES.
- Cost data and denominator totals are derived from VHCURES.

### Calculating Medicare TCOC

Vermont Medicare TCOC per Beneficiary Growth will be calculated as a compounded annualized growth rate across PYs 1-5, adjusting for the proportion of the population with end-stage renal disease.

*In PY1-2 (and PY3, if Medicare scale target of 65% is not achieved):*

$$\frac{\text{TCOC for Vermont Medicare Beneficiaries Aligned to a Scale Target ACO}}{\text{Vermont Medicare Beneficiaries Aligned to a Scale Target ACO}}$$

*In PY4-5 (and PY3, if Medicare scale target of 65% is achieved):*

$$\frac{\text{TCOC for All Vermont Medicare Beneficiaries}}{\text{All Vermont Medicare Beneficiaries (includes dual eligibles, excludes Medicare Advantage)}}$$

- The Vermont Medicare TCOC numerator includes spending on Medicare Part A and B services.
- The Vermont Medicare TCOC denominator includes ACO-attributed Vermont Medicare beneficiaries in PY1-2 (and PY3 if Medicare scale target is not achieved). The Vermont Medicare TCOC denominator includes all Vermont Medicare beneficiaries in PY4-5 (and PY3, if Medicare scale is achieved).
- Data is obtained from CMS reports and validated using ACO reports and VHCURES.

### Process for Calculating TCOC

The Green Mountain Care Board developed complete specifications for calculating TCOC and Vermont's performance, which CMMI reviewed in 2018.

Quarterly TCOC reports are produced 9 months following the end of each fiscal quarter to allow for claims runout, processing, and vetting with payers at the ACO. The first quarterly TCOC report, for Q1 2018, was submitted to CMMI in March 2019 following delays in Medicare data receipt. Annual summary reports are available in September of the following Performance Year.