Vermont’s All-Payer ACO Model and Accountable Care Organization (ACO) Oversight

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GMCB General Advisory Committee
May 13, 2019
Problem: Health Care Costs are Growing at an Unsustainable Rate

In 2017, the most recent year of data available, health care spending in Vermont grew 1.7%.

Problem: Health Care Costs are Growing at an Unsustainable Rate

Vermont’s health care share of state gross product devoted to health care spending was 18.5% in 2017, vs. 11.8% in 1995.

Problem: Health Outcomes Must Improve

Health outcomes must improve

• Chronic diseases are the most common cause of death in Vermont. In 2014, 78% of Vermont deaths were caused by chronic diseases
  • High Blood Pressure: 25% of Vermonters diagnosed (2015)
  • Diabetes: 8% of Vermonters diagnosed (2015)
  • COPD: 6% of Vermonters diagnosed (2015)
  • Obesity: 28% of Vermont adults diagnosed (2016)

Medical costs related to chronic disease were over $2 billion in 2015, and are expected to rise to nearly $3 billion by 2020

• Vermont’s death rates from suicide and drug overdose are higher than the national average
  • Suicide (2016): 17.3 per 100,000 (VT) vs. 13.4 per 100,000 (US)
  • Drug Overdose (2016): 18.4 per 100,000 (VT) vs. 13.3 per 100,000 (US)

(Sources: Vermont Department of Health, Kaiser Family Foundation)
Vermont’s Solution: The Vermont All-Payer Accountable Care Organization (ACO) Model

<table>
<thead>
<tr>
<th>Test Payment Changes</th>
<th>Transform Care Delivery</th>
<th>Improve Outcomes</th>
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<tbody>
<tr>
<td>Population-Based Payments Tied to Quality and Outcomes</td>
<td>Invest in Care Coordination</td>
<td>Improved access to primary care</td>
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<td>Increased Investment in Primary Care and Prevention</td>
<td>Incorporation of Social Determinants of Health</td>
<td>Fewer deaths due to suicide and drug overdose</td>
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<td>Improve Quality</td>
<td>Reduced prevalence and morbidity of chronic disease</td>
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All-Payer ACO Model: What Is It?

An ACO is a group of doctors, hospitals, and other health care providers who come together voluntarily to give coordinated, high-quality care to patients

• 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. A more predictable revenue stream supports providers in initiating additional delivery system reforms that improve quality and reduce costs
### Vermont’s Responsibilities under the All-Payer ACO Model Agreement

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<th>Cost Growth and Population Health/Quality</th>
<th>Alignment and Scale</th>
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<td>• Limit spending growth on certain services ➢ Separate targets for Medicare and “all-payer” beneficiaries (most Vermonters)</td>
<td>• Ensure payer-ACO programs align in key areas, including ➢ attribution methodologies ➢ services ➢ quality measures ➢ payment mechanisms ➢ risk arrangements</td>
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<tr>
<td>• Meet targets for 20 quality measures, including three population health goals ➢ Improving access to primary care ➢ Reducing deaths due to suicide and drug overdose ➢ Reducing the prevalence and morbidity of chronic disease</td>
<td>• Steadily increase scale (the number of people in the model) over the five years of the Agreement</td>
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Improving the Health of Vermonters
How will we measure success?

- Vermont is responsible for meeting targets on **20 measures** under the Model Process Milestones and Health Care Delivery System Quality Targets support achievement of ambitious Population Health Goals

Goals selected based on Vermont’s priorities:
1. Improve **access to primary care**
2. Reduce **deaths due to suicide and drug overdose**
3. Reduce **prevalence and morbidity of chronic disease**
GMCB Responsibilities Under the APM
**All-Payer ACO Model Design and ACO Regulation**

**Goal #1:** Vermont will reduce the rate of growth in health care expenditures

**Goal #2:** Vermont will ensure and improve quality of and access to care

**GMCB Regulatory Levers**

- ACO Certification (Act 113 of 2016)
- ACO Budget Review (Act 113 of 2016)
- Medicare ACO Program Design and Rate Setting (APM Agreement)
- Hospital Budget Review
- Health Insurance Rate Review
- Certificate of Need
ACO Certification
Act 113 of 2016

Certification (Annual Review of ACO Policies)

- Composition of Governing Body
- Leadership and Management
- Solvency and Financial Stability
- Provider Network
- Population Health Management and Care Coordination
- Performance Evaluation and Improvement
- Patient Protections and Support
- Provider Payment
- Health Information Technology

- An ACO must be certified by GMCB to be eligible to receive payments from Medicaid or a commercial insurer through a payment reform initiative such as the APM.

- Following an extensive review, the GMCB certified OneCare Vermont (OneCare) in March 2018. Reviewing continued eligibility for certification in January 2019.
ACO Budget Review
Act 113 of 2016

- The GMCB reviewed OneCare’s 2019 budget in late 2018. After careful analysis and an extended public comment period, the Board voted to approve OneCare’s 2019 budget with conditions in December 2018.
- The approved budget is approximately $900 million with a vast majority of dollars flowing to providers, either through fixed payments from OneCare or fee-for-service payments from payers. This total reflects the inclusion of an estimated 196,000 Vermonters in ACO programs (up from 113,000 in 2018).

Budget Review
(Annual Review of ACO Plan)

- ACO Provider Network
- Payer Programs
- Budget and Financial Plan
- Risk Mitigation Plan
- ACO Quality, Model of Care and Community Integration Initiatives
- Compliance with All-Payer Model
- Measurement of Primary Care Spending
Medicare ACO Program Design and Rate Setting

Medicare participates in the APM through modified versions of the national Medicare Next Generation ACO Program.*

Under the APM Agreement, GMCB…

• Prospectively develops benchmarks (financial targets) for Vermont Medicare ACO initiatives
• Proposes operational changes to support alignment across ACO payer programs

* Vermont Modified Next Generation Program in Year 1; Vermont Medicare ACO Initiative in Years 2-5.
APM Reporting and Analytics

**PY1 (2018)**
- April 2019: TCOC Quarterly Reporting begins
- April 2019: First Payer Differential Annual Report
- June 2019: First Annual Scale Targets and Alignment Report

**PY2 (2019)**
- December 2019: Payer Differential Assessment Report
- September 2019: First Statewide Health Outcomes and Quality of Care Report
- June 2020: Public Health System Accountability Framework (AHS leads)

**PY3 (2020)**
- December 2020: Plan to Integrate Medicaid Mental Health, SUD, and HCBS Services within All-Payer Financial Target Services (AHS leads)
- December 2020: Payer Differential Options Report

**PY4 (2021)**
- December 2021: Proposal for Subsequent Agreement

**PY5 (2022)**

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1. Submitted quarterly (reports produced 9 months following final date of service); annual reports completed in September of following year. Q12018 report delayed due to data availability.
2. Submitted annually on 4/1; April 2019 report delayed due to data.
APM Progress Update
APM Progress Update

The All-Payer ACO Model is growing significantly in 2019 (Year 2), with new regions participating and possible new payer programs

• One ACO operating in Vermont: OneCare Vermont
• Expected OneCare payer programs in 2019 (data to be finalized in Q2):
  • Medicare (Vermont Medicare ACO Initiative)
  • Medicaid (Vermont Medicaid Next Generation ACO Program)
  • BCBSVT (QHP Next Generation Program)
  • UVMMC (self-funded ACO program)
• 12 of Vermont’s 14 hospitals participate in at least one payer program

Total participation: ~168,000-214,000 Vermonters, up from 113,000 in 2018
APM Progress Update

Regions participating in ACO through one or more payer contracts


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<th>Participating</th>
<th>Not Participating</th>
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In 2019, participating providers include…

- Hospitals (in all 12 participating regions)
- Federally qualified health centers (6 regions)
- Independent specialists (7 regions)
- Independent primary care providers (8 regions)
- Home health (all regions)
- Designated mental health agencies (all regions)
- Skilled nursing facilities (10 regions)