Blue Cross and Blue Shield of Vermont

Commercial ACO Update

BCBSVT ACO Year 1-3 Pilot

Program Elements

- Contracted with 3 ACOs for three year pilot period
  - OneCare – primarily hospital based
  - CHAC (Community Health Accountable Care)/BiState – FQHCs
  - VCP (Vermont Collaborative Physicians)/Healthfirst
- Pilot Period 1/1/14 -12/31/17
  - Year 1 shortened due delays allowed for QHP enrollment
- Population includes Qualified Health Plan members that are attributed to an ACO
  - Member selects PCP
  - Member attributed through claims (2-year look back)

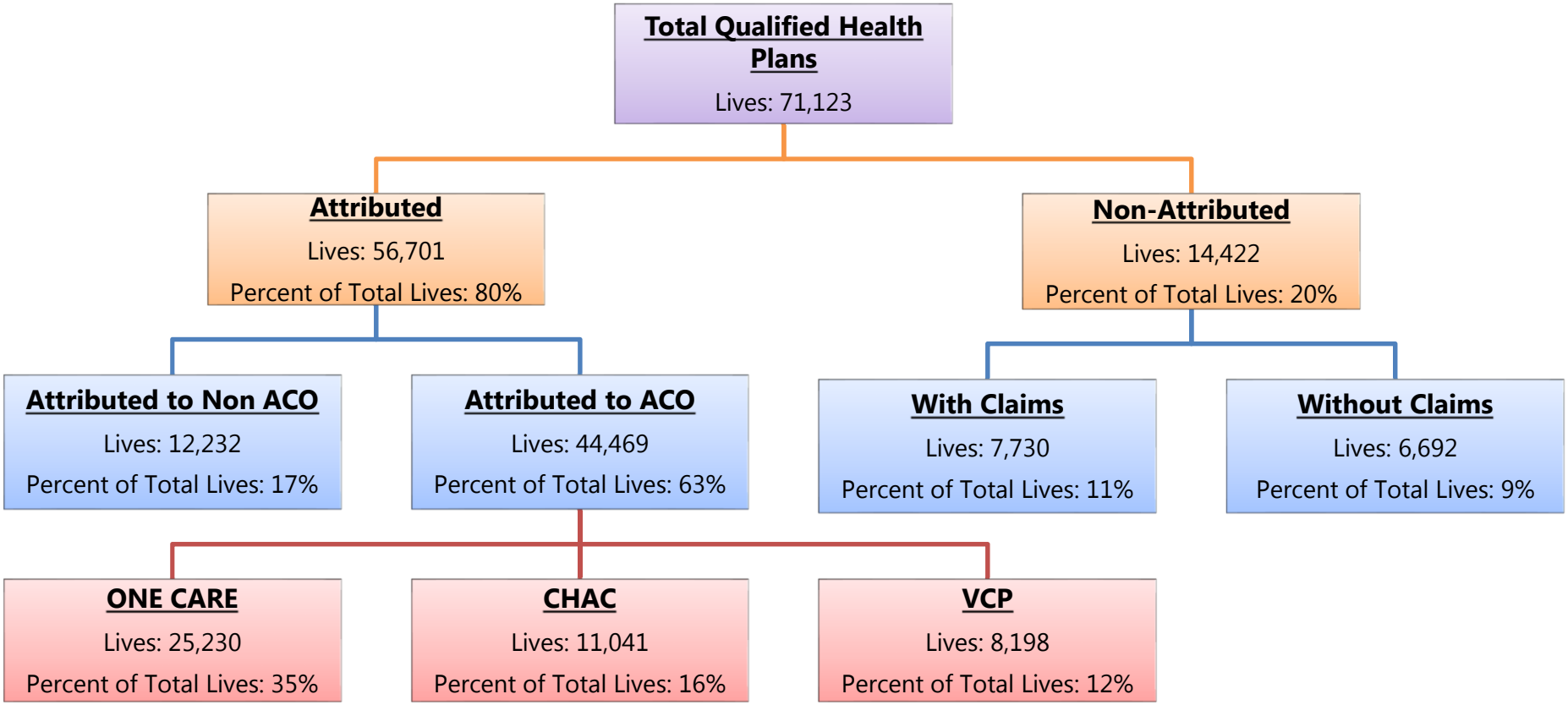
BCBSVT Year 1-3 ACO Pilot

Shared Savings Calculations

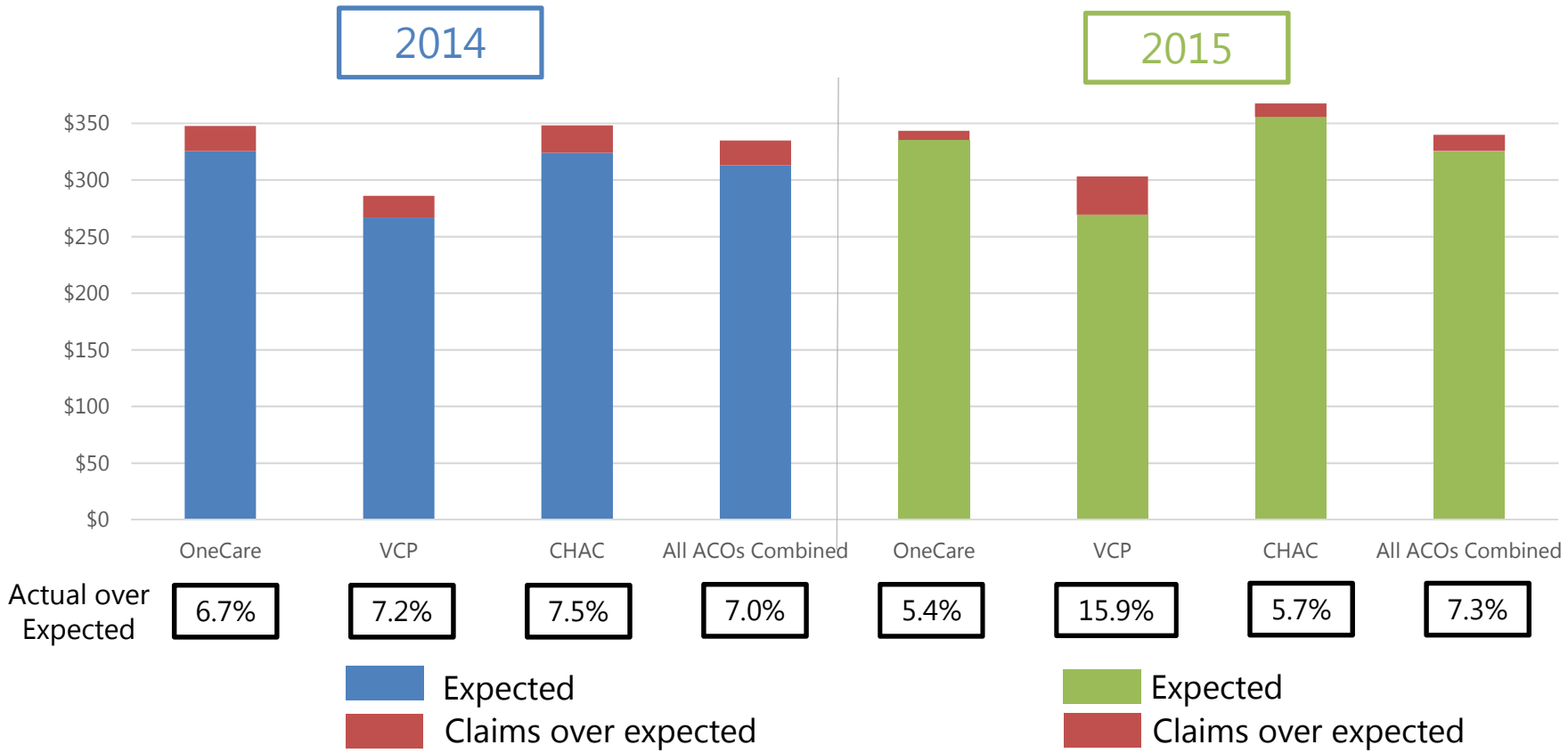
- ACOs have the opportunity to share savings if medical spend is lower than expected claims
  - Percent of savings impacted by quality performance
- Expected claims based on approved QHP premium rates
- Claims spend impacting ACO performance includes:
  - All medical claims, capped at $125,000 (Year 3 increased to 250k)
  - Capitations, including Blueprint payments
- Retail Pharmacy excluded from total cost calculation
- Expected claims are adjusted for each ACO based on the relative risk score of their population compared to total QHP population
  - Year 3 moved to demographic adjustment & incorporated ACO population specific target (takes into account service mix & location of service).

Membership Summary - BCBSVT Year End 2016

Updated with data through 12/31/2016



Year 1 and 2 Actual to Expected Claims



- 2014 performance should be evaluated noting only a partial year for most members

Quality Metrics Summary

Overall Observations

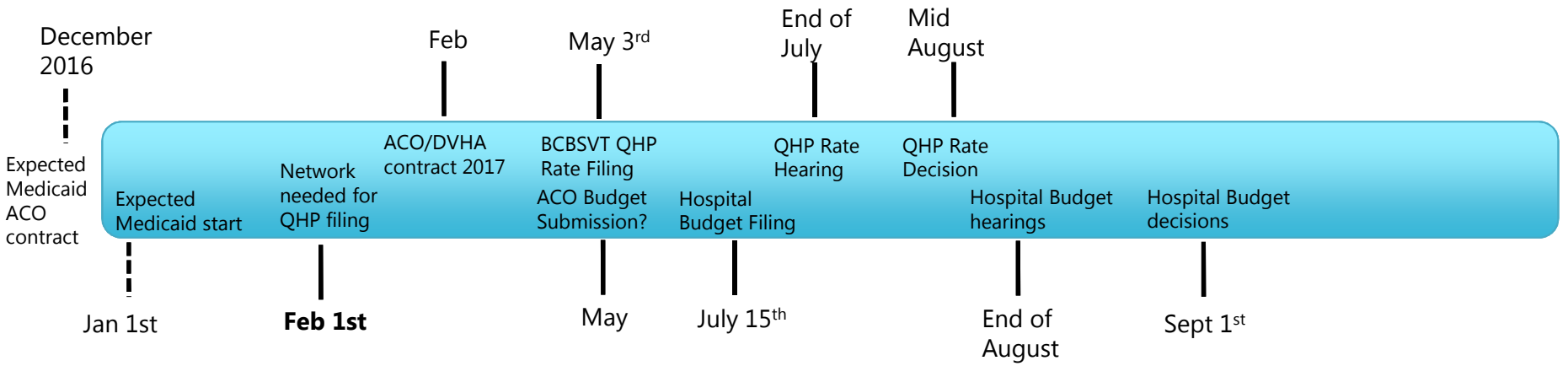
- ACOs treat commercial and QHP members the same with regard to below metrics
- No significant difference between ACO and non ACO practices

Measure	Observations
Adolescent Well-Care Visits	• Members attributed to PCP have higher rate compared to members without a PCP
Chlamydia Screening in Women	• VCP and OneCare slightly higher screening rate than CHAC and non ACO practices
Avoidance of Antibiotic Treatment in Adults with Acute Bronchitis	• VCP higher avoidance rate than overall (45.9% vs. 26.6%) • CHAC lower avoidance rate than overall (14.2% vs. 26.6%)
Follow-Up After Hospitalization for Mental Illness	• Decrease in percent of members receiving appropriate follow-up within 7 days
Initiation and Engagement of Alcohol and Other Drug Dependence Treatment	• Slight decrease in engagement rate from 15.2% to 13.9%

BCBSVT ACO Year 4 2017 Pilot Program

- Only 2 ACOs
  - Contracting with CHAC and OneCare—expected by end of January
  - Independent providers evaluating participating with one of the 2 ACOs
- Changes from year 3 contract
  - Minimum savings threshold must be met for potential 50/50 savings
  - Attribution set in May instead of monthly run
  - Review of reporting/data exchange function
    - Direct reports to the ACO eliminating administrative step
    - Discussing with GMCB reporting requirements & quality reporting
- Term: 1/1/17 – 12/31/17
  - Provider rosters by end of February
  - No change in attribution methodology

Vermont All-Payer ACO Model 2018 Timing



BCBSVT 2018 ACO program at risk due to compressed time frame & agreement on core components including:

- The ACO(s) accepting risk but not all risk
- Full understanding of the ACO's provider network (determines number of attributed lives)
- Understanding modifications, if any, to Blueprint funding
- Agreement by BCBSVT/ACO on: member interactions, delegated services (if any), service level agreements
- ACO agreeing to levels of member experience & member protections
- GMCB approved BCBSVT-QHP rates are the basis of the ACO medical expense target
- GMCB certification etc.

Evaluation BCBSVT Programs 2018 +

BCBSVT key considerations as we collaborate with the GMCB and the ACOs includes:

- BCBSVT/ACO care coordination capabilities will improve affordability of the healthcare system addressing duplication
- The model will control trend and constrain the cost shift
- The model will not increase administrative costs and should result in administrative cost savings
- Consumers will participate in the savings generated by the APM
- The GMCB will regulate overseeing the ACO model, serving as an arbiter if necessary.
- The ACO model will include a framework for measurement of results
- The model will provide for stakeholder and customer transparency