ACOs and APM
Update Presentation to GMCB

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Vermont ACO Landscape

- Three ACOs
  - Community Health Accountable Care (CHAC)
  - Vermont Collaborative Physicians (Healthfirst’s ACO)
  - OneCare Vermont ACO

- Significant collaboration among ACOs already happening
  - VHCIP (SIM Grant) committees
  - GMCB-facilitated payment reform design groups
  - Community collaborative across ACOs
  - Development with Blue Print of the 2016 medical home performance measures and incentive program
  - ACO quality collection process
  - “Memorandum of Understanding” among all three ACOs to explore potential of combining into single ACO
ACO Perspective on Term Sheet

- Documents indicate that reform under the all-payer system is intended to be based on ACO(s)
  - Term Sheet: “Vermont will use an accountable care organization (ACO) model to carry out its payment and delivery system transformations under the All Payer Model Agreement”
  - Companion Document: “As is true today, health care providers’ participation in ACOs is voluntary; the ACO must be attractive to providers and offer an alternative health care delivery model that is appealing enough to join”

- Terms are highly aligned with the Next Generation ACO model
  - ACO/Next Gen Fraud and Abuse Waivers Included
  - Next Gen Benefit Enhancements Included
  - Medicare spending Goal as Discount against National Medicare FFS Trend Rate
    > “Pure” Next Gen – 0.5% to 4.5% discount with no floors
    > “APM Term Sheet” – 0.2% discount with floors of 3.5% in 2017 and 2.0% in 2018-2021
  - Both Next Gen and APM require multi-payer commitment to ensure aligned incentives
ACO Perspective on Term Sheet

- Includes Medicare continued participation in the Blueprint for Health (practice payments, CHT, SASH)
  - Without waiver MAPCP Program to expire 12/31/16
- Quality/health measurement includes selected system-wide measures in addition to expected ACO scorecard metrics
  - Population Health Goals on (i) increasing access to primary care, (ii) prevalence/management of chronic disease, and (iii) addressing the substance abuse epidemic
  - Plus expected ACO quality measurement and incentive program
- Biggest open questions
  - How will the ACO program(s) under APM be offered, structured, and regulated?
  - What are the exact measures and targets on the three system goals and how will they relate to the ACO program(s)?
  - Will ACO(s) be supported with models and resources to ensure attractiveness to providers?
  - What are Implications if ACO participation is not broad-based?
Going Forward – Three Potential Paths

**No APM - Current ACOs**
OCV: Next Generation Medicare and negotiated other programs (likely smaller network)
CHAC: TBD
Healthfirst: TBD

<OR>

**APM - Current ACOs**
OCV: Risk-based APM Program
CHAC: TBD
Healthfirst: TBD

<OR>

**APM - Vermont Care Organization (VCO)**
Single Statewide ACO under Risk-based APM Program
Planning the Vermont Care Organization (Potential Single ACO)
MOU Steering Committee

- **Members:**
  - Joe Woodin
  - Patrick Flood
  - Mary Moulton
  - John Brumsted M.D.
  - Eric Seyferth M.D.
  - Kevin Stone
  - Paul Reiss M.D.
  - Paul Unger M.D.
  - Joe Haddock M.D.
  - Tom Huebner
  - Kevin Kelley
  - Todd Moore
  - Amy Cooper
  - Joyce Gallimore

  - CHAC Delegates
  - OneCare Delegates
  - Healthfirst Delegates
  - At-Large Delegates
  - ACO Management Delegates
MOU Process Update

- Productive discussions to date including agreement on a unified ACO governance model
- Operational vision being designed in business planning phase currently starting (1Q16) with necessary functions, resources and infrastructure
- Working together as ACOs to envision the right public-private partnership and best model to ensure continuity of successful innovations to date (e.g. Blueprint for Health)
- Striving to align on what legislative and regulatory oversight is desired or acceptable without changing the provider-governed ACO paradigm
- Continued sense that single ACO is only relevant/feasible under APM
Moving Ahead: VCO Plan in Progress

Section 1: About Vermont Care Organization and This Plan 3
Section 2: Executive Summary, Background and Context 6
Section 3: All Payer Model Program Strategy 16
Section 4: Provider Network 24
Section 5: Population Health Care Model 34
Section 6: Primary Care Medical Home Program 54
Section 7: Community Based Integration Model 56
Section 8: Quality Improvement Program 58
Section 9: Financial Plan, Provider Payment Models and Risk Management 63
Section 10: Informatics and Analytics Infrastructure 82
Section 11: Operations, Organization and Governance 99
Section 12: Consumer Involvement and Protection 103
Section 13: Appendices 107
Planning Environment: The Big Hurdles

- **Hurdle 0: Is APM Real?**
  - Will APM really happen? Will the term sheet change?
  - What is the ACO program under APM and how will it be offered/regulated?

- **Hurdle 1: Network Participation - Who’s in Matters**
  - Attribution – Need large enough population for effective, integrated population health management
  - Risk management – Need providers to be part of risk-based ACO model and payment reform

- **Hurdle 2: DVHA and Medicaid**
  - Will Medicaid offer an aligned ACO program under APM?
  - How to handle non Part A/B spending
  - Growth rate – does state budgeting align with the model?

- **Hurdle 3: Commercial Payer Participation**
  - Will they support the APM approach offer aligned ACO programs under APM?

- **Hurdle 4: The Financial Needs to Support and Build the Coalition**
  - ACO Operations and Risk Management Expense
  - Independent Physician Practice Revenue Increase
  - Community-Based Investment and Program Development
  - Incentive Pool to Reward Value (high quality and low cost)
  - Key Question: Are there enough resources to do the items above and still deliver attractive or adequate revenue models to attract a broad base of network providers
ACO as Population Risk-Bearing Entity

Commercial Insurance Plan (QHP under ACA)

- Insurer General Administrative and Risk Management
- Insurer Quality Improvement Activities
- Calculated Medical Expense Ratio (Actuarially determined on base plus trend)
- Calculated Medical Loss Ratio
  - Can include insurer quality activity
  - Must be at least 85% (for large group)
- Claims Risk Budget

Next Generation ACO

- Medicare Next Gen has No Source of Added Funds for This
  - **plus**
  - Have to Grant Discount
- Claims Risk Budget
  - (Spending projection minus discount)
- ACO General Administrative and Risk Management
- Claims Spending Projection
  - (Actual claims base plus annual inflator)
- Need source of funds for this, or must come from discounted provider revenue
- ACO Quality Improvement Activities
Assessing the ACO Model

- **Current GMCB Criteria in Assessing APM:**
  - 3b. The GMCB must determine that the administrative costs of the ACO will be offset by savings resulting from improvements in efficiency and care delivery.

- **What the Question Should Be:**
  - Is the ACO expense and financial plan reasonable given the business model and the value of a predictable health care services growth rate and increased delivery system coordination with very strong focus on quality and satisfaction.
Envisioned Process

- **Envision series of draft versions/support activities of the “VCO Business Plan”**
  - Draft 0.3 – February 5, 2016 - **COMPLETE**
  - Draft 0.5 – February 22, 2016
  - **MOU steering committee “Directional Endorsement” vote on VCO Plan V0.5** before first Summit Meeting and to provide initial input to GMB
  - **Three-Board Summit Meeting 1 - Early March** (PowerPoint covering V0.5)
  - Draft 0.7 – March 7, 2016
  - **Provider Solicitation of Intent to Join VCO - Early March with April 1 Response Deadline (with VCO Prospectus based on V0.5)**
  - Draft 0.9 – March 21, 2016
  - **Potential Three-Board Summit Meeting 2 - Early April** (PowerPoint covering V0.9)
  - **Potential Provider Decision on Intent Due – Early April:**
  - Draft 1.0 – Week of April 4, 2016
  - Vote by MOU Steering Committee to accept VCO Plan V1.0 which triggers bringing to each ACO Board for vote
  - Votes at April ACO Board meetings under each organization’s governance and voting rules