Report on Development of Proposal for Subsequent All-Payer Model Agreement and Development of Value-Based Payments to Move Hospitals Away from a Fee-for-Service Model

January 15, 2023

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Act 167 of 2022: Legislative Charge

- The Director of Health Care Reform in the Agency of Human Services, in collaboration with the Green Mountain Care Board, shall develop a proposal for a subsequent agreement with the Center for Medicare and Medicaid Innovation to secure Medicare's sustained participation in multipayer alternative payment models in Vermont.

- (c)(1) On or before January 15, 2023, the Director of Health Care Reform and the Green Mountain Care Board shall each report on their activities pursuant to this section [Sec. 1] to the House Committees on Health Care and on Human Services and the Senate Committees on Health and Welfare and on Finance.

The Health Care Reform Work Group was initiated in June 2022 with Four Areas of Work

- Short-Term Provider Stability
- Impact of Regulatory Environment on Stability
- Financial and Care Model
- Model for Long-Term Hospital Stability

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Short-Term Provider Stability Subgroup on System Stabilization

- The Subgroup met six times between July 15th and August 21st. Using the input generated by this group as a launching point, it focused on short-term actions (i.e., within 6-18 months) that will improve system stability.
- In the end, AHS committed to 17 discrete state actions across four categories:
  - Workforce
  - Regulation
  - System Flow
  - Revenue

For more information on these activities see: https://humanservices.vermont.gov/our-work/reports

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Financial and Care Model: Proposal for a Subsequent Agreement with the Center for Medicare and Medicaid Innovation (CMMI) to Secure Medicare's Sustained Participation in Multi-payer Alternative Payment Models in Vermont

- The Health Care Reform Work Group met four times between August 25th and November 29th on the topic of a proposal for a subsequent Agreement with CMMI
  - Two subcommittees met during this time
    - Seven Global Budget Subgroup meetings between September 30th and November 15th
    - Five Total Cost of Care Subgroup meetings between September 27th and October 25th

Pathway for Sustaining Medicare Participation in Multi-Payer Alternative Payment Models in Vermont

Original Vermont All-Payer ACO Model Agreement

Six Year Agreement (2017 Year Zero; 2018-2022 PY1-5)
Vermont's Medicare Agreement provides for an ACO-driven model where Medicare, Medicaid, and commercial payers provide value-based payments to ACO-participating providers. These alternative payments are intended to curb health care cost growth, maintain quality of care, and improve the health of Vermonters.

Amended and Restated Vermont All-Payer ACO Model Agreement

2023-2024 (PY6-7)
Extension of current agreement

Vermont and CMS have executed an extension of the Vermont All-Payer ACO Model Agreement. The terms of the extension remain similar to the original agreement and include Performance Year (PY6) with an option for the State of an additional Performance Year (PY7). The extension maintains Medicare investments in Vermont and ACO providers' status for the purposes of quality bonuses.

Future potential Vermont Medicare Multi-Payer Agreement

2025-?
Vermont aims to influence a future multi-state, multi-payer model offering from CMMI to be available from 2025 forward. Vermont's recommendations will build on the 2020 APM Implementation Improvement Plan and stakeholder feedback. Vermont is seeking to influence the CMS design to ensure it meets the state's needs and supports larger reform efforts.

Timeline for Engagement with the Center for Medicare and Medicaid Innovation

August-December 2022
Phase 1 Engagement

During this phase, the Agency of Human Services convened the Health Care Reform Work Group and subcommittees/technical advisory groups, to provide initial feedback to CMMI on its priorities for a future multi-state, multi-payer alternative payment model.

January-mid 2023
Phase 2 Engagement

The Agency of Human Services and Green Mountain Care Board expect to maintain engagement with CMMI over the next six months to continue to provide feedback on a potential multi-state, multi-payer model design. During this period the Agency will seek broad stakeholder feedback through public comment, community engagement and other forums designed to capture input from Vermonters.

Mid-late 2023
Potential New Multi-State Model Opportunity

Based on current information, the Agency of Human Services expects a formal opportunity for participation in a multi-state, multi-payer model to be available at some point in 2023. This opportunity will require the State to submit a proposal in response to the model offering.

Vermont's Health Care Reform Efforts

Vermont has successfully partnered with CMS on a series of payment and delivery system reform initiatives that have led to positive outcomes for CMS, Vermont, and the State's residents. Vermont is looking to build on strengths in the next iteration.

2011: Founding of GMCB.

2008 - present: Blueprint for Health

- **$82M** saved in Medicare (net of $64M)
- Improved continuity of care, decreased specialist visits, reduced readmissions

Source: MAPCP Evaluation

2014-2016: Commercial & Medicaid ACO Shared Savings Programs

- Spending growth slowed for ACO-attributed beneficiaries (savings of **$39.92 PBPM**)
- PBPM expenditures increased less among ACO-attributed beneficiaries with MH/SUD conditions

Source: SIM Evaluation

2016 - present: Vermont All-Payer ACO Model

- Over first three PYs, 6.0 percent **($655 PBPY**) and 6.8 percent **($783 PBPY**) decreases in cumulative gross spending at the ACO and state levels, respectively

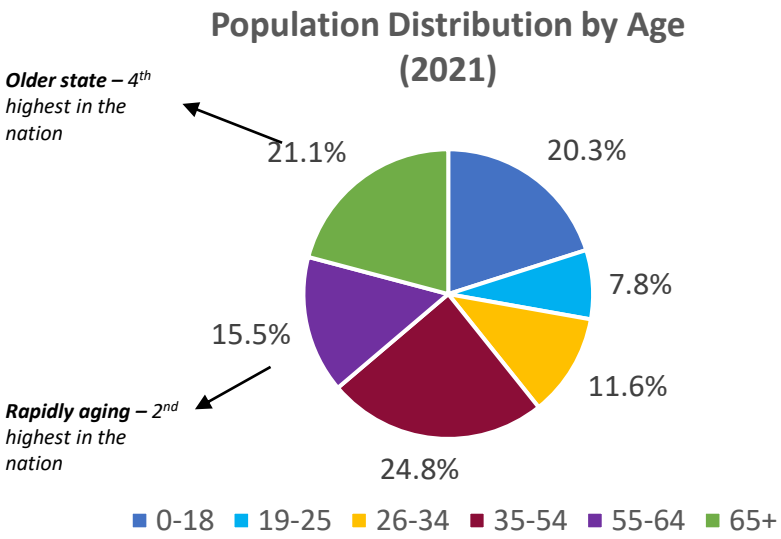
Source: VTAPM Evaluation

2023+: Implementation of ***Medicaid*** global budget pilot

2025+: Future model where Vermont aims to shift more dollars into prospective payment while stabilizing its rural health care system.

Iterative change → Iterative change → Iterative change → Iterative change

Vermont's Strengths Should be Rewarded and Incorporated into a future multi-payer Agreement



Breakdown of Senior Population (2020)
- ***Ages 65-74:*** 10.9% of state population
- ***Ages 75-85:*** 5.1% of state population
- ***Ages 85+:*** 2.2% of state population *(ranked #6 in the nation)*

Current State

- Vermont is one of the oldest states in the nation and is also rapidly aging.
- Since being older is associated with negative health outcomes, health care spending should be high, ultimately increasing total cost of care.
- However, Vermont is of one of the healthiest states in the nation. The State ranked #2 among states for overall health* ***and*** is a low-spend Medicare state (#50 for Medicare FFS).
- This can be attributed to significant investments from Medicaid, robust public health and primary care infrastructure and other factors.
- **Vermont is overperforming relative to other states and should be rewarded by CMS for these achievements.**

*The following components were considered in United Health Foundation's rankings: social and economic factors, physical environment, clinical care, behaviors, and health outcomes.

Sources: Population Distribution by Age; States with the Most Seniors; America's Health Rankings 2022 Annual Report; 2020 Profile of Older Americans; *2020 CMS Office of the Actuary (OACT) Spending Data*

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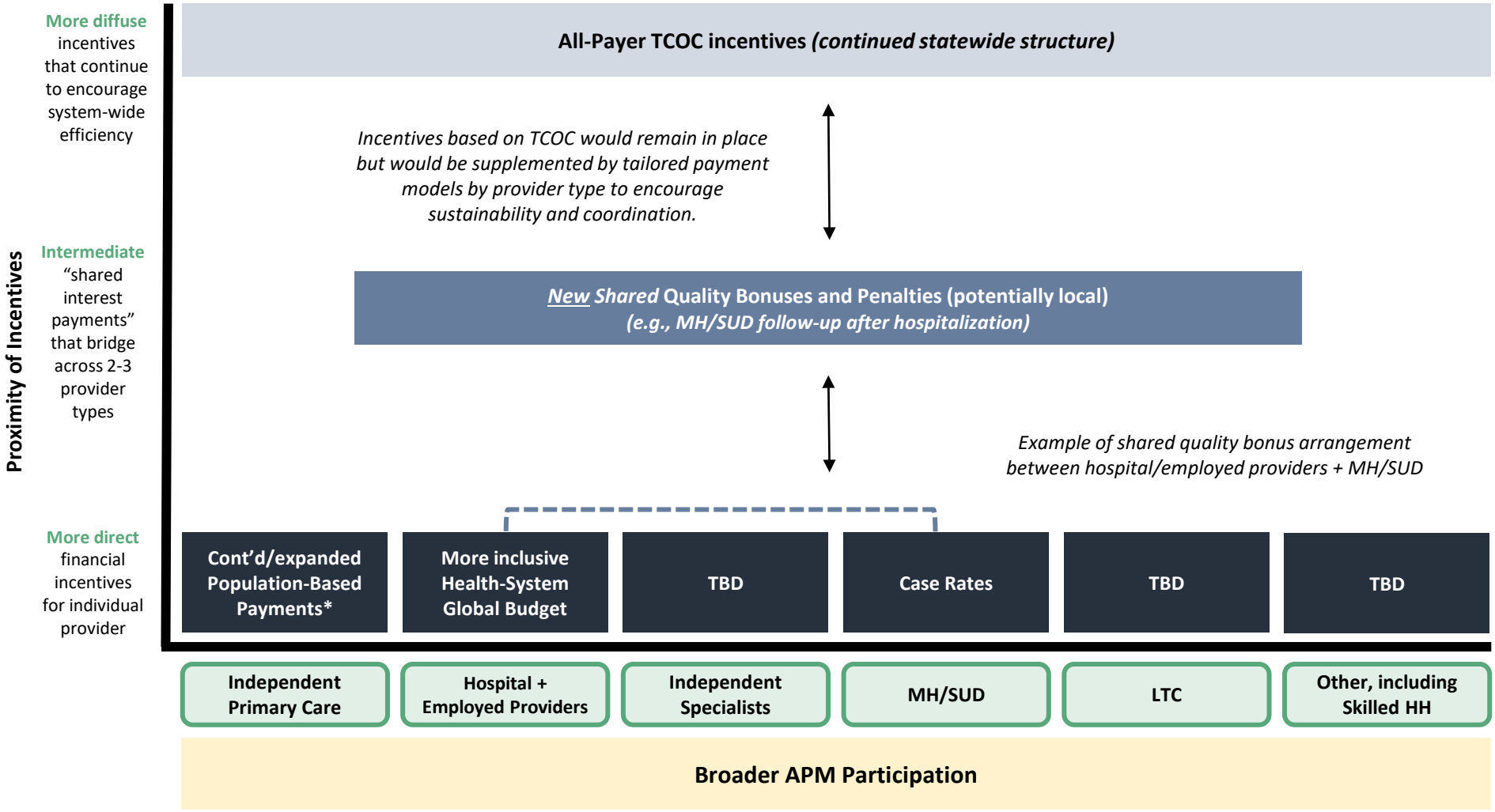
Development of Proposal for Subsequent Agreement with the Center for Medicare and Medicaid Innovation to Sustain Medicare's Participation in Alternative Payment Models In Vermont

Since late August, AHS and GMCB have gathered stakeholder feedback on a variety of topics through the Health Care Reform workgroup, Global Budgets subgroup, and Total Cost of Care subgroup to inform feedback to CMMI on a new multi-payer, multi-state model.

CMMI is signaling it will produce a design to span multiple states from 2025 that will address 7 priorities:

1. **Include global budgets for hospitals.**
2. **Include TCOC target/approach.**
3. **Be All-Payer.**
4. **Include goals for minimum investment in primary care.**
5. **Include safety net providers from the start.**
6. **Address mental health, substance use disorder and social determinants of health.**
7. **Address health equity.**

Vermont's Vision for a "Portfolio Approach"



Key Overarching Insights from Health Care Reform Workgroup

- Vermont is a low spend Medicare state experiencing declining financial margins attributed to COVID-19, inflation, and other factors.
  - Any future Medicare payment model should reflect actual costs to deliver care and provide financial sustainability to participants.
- Throughout the current model test, Vermont has also maintained lower Medicare spending growth than the national average.
  - Any future Medicare payment model should give credit to the state for its performance versus an expectation of additional savings from the start.
- Medicare investments in primary and community-based population health programs should not only be maintained but increased in a future model.

Health Care Reform Work Group Subcommittee on Global Budgets for Hospitals

- Focused on high level areas of flexibility for the state to advocate for in a federal model
- Stakeholders and state agrees that maximum flexibility is the preferred approach in this work

What's Next?

- Continuing weekly meetings with CMMI
- Co-Launching Technical Global Budget Work Group with GMCB
- Launching Medicare waiver focus group
- Virtual Townhall meetings to describe potential future model elements and Vermont's approach to maintaining flexibility in any future relationship with Medicare