

Health Care Innovation Project

109 State Street
5th Floor
Montpelier, VT 05609
www.gmcboard.vermont.gov/sim_grant

September 29, 2013

Senator Ginny Lyons
Representative Jill Krowinski
Health Care Oversight Committee
115 State Street
Montpelier, VT 05633

Dear Senator Lyons and Rep. Krowinski:

I am responding to your letter of September 25th to Mark Larson and Al Gobeille, on which I was copied. I felt it important to respond as the Chair of the State Innovation Model (SIM) governance structure, as many of the issues you raise in the letter relate to the pace and inclusiveness of the project to date.

The SIM project began, in a sense, more than a year ago when the federal Centers for Medicare and Medicaid Services (CMS) solicited grant applications from states seeking to implement broad-based, multi-payer health care payment and delivery system reforms. To apply for the application, Vermont had to develop fairly detailed plans for the advancement of our planned reforms over a 3 ½ year period. We based our proposal in large part on what the legislature had approved in Act 48 of 2011.

CMS also made clear that they were looking for state applications that:

- Show a commitment to broad stakeholder inclusion;
- Make a concerted effort to address cost, quality of care and patient or client experience in acute, long-term and mental health services; and
- Show promise for significant results within the grant period.

We tried to demonstrate all of these attributes of the proposed project in our application, which was submitted in September 2012.

The SIM application was vetted, albeit on a tight timeline, with many stakeholders, including legislative leaders. The application included plans for both commercial insurer and Medicaid Shared Savings Accountable Care Organization (SSP-ACO) programs as a first step away from volume-based incentives in provider payments.

Vermont was awarded a \$45 million SIM grant in March of this year and received approval from the Joint Fiscal Committee to accept the grant funds in May. Since that time we have



developed and enhanced the governance and management structures for the project. We started by appointing a joint management committee of leaders from state agencies (the “Core Team”) and establishing a broadly representative Steering Committee of stakeholders. Based on feedback from the Steering Committee, we subsequently broadened the membership of the Core Team, the Steering Committee and the project Work Groups to be more inclusive of people from outside state government, and to include more representatives of mental health and long-term care providers. The full governance structure was described in the SIM Operational Plan, which we were required to submit to CMS in July. It is summarized in the attached document.

The Green Mountain Care Board and the Department of Vermont Health Access jointly formed an ACO Standards Work Group in December 2012 to begin working on the parameters of these programs. We did this in anticipation of a January 2014 launch of the programs, to which we had committed in our application. This group focused initially on the standards for the commercial insurer program, and more recently on any necessary modifications to those standards to meet the needs of Medicaid enrollees and Medicaid service providers. Recommendations from the Work Group have been presented to the SIM Steering Committee on three occasions since July. The standards were well-received, in general, and only a few areas of disagreement were highlighted, all specific to the Medicaid model:

- The amount of risk assumed by ACOs in each year of the three-year model test – many stakeholders wanted to reduce the required level of risk;
- The definition of “total costs of care” to be managed by ACOs, and the extent to which it includes mental health and LTSS – stakeholders wanted time to transition to a broader model;
- The governance requirements for ACOs – stakeholders requested additional requirements for inclusion of consumers and mental health and LTSS providers on ACO governing boards.

State staff and two subgroups of the SIM Steering Committee worked to develop revised proposals addressing these issues over the past month. I am pleased to report that we have a well-vetted compromise proposal that will form the basis for release of a request for proposals next week requesting participation from potential Medicaid ACOs. This activity has occurred since your last committee meeting, and I applaud all involved for their commitment to designing a program that can work, but also provides appropriate assurances to consumers and providers regarding phasing of risk, phasing of the scope of total costs of care and appropriate provider and consumer representation in ACO governance.

In addition, Robin Lunge, Jeb Spaulding and I met with representatives of the Designated Agencies on September 20 and we agreed to form a separate committee under the SIM structure to identify and address a multitude of issues related to integrating DAs in payment and delivery system reform. Integration of mental and physical health care is a central goal of our efforts, but we recognize that there are special considerations related to inclusion of these providers and their clients in our proposed payment reform models.

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The final Medicaid SSP-ACO proposal is summarized in the attached document. The RFP for this program will be released this week. The compromise approach reflected in the RFP allows us to adhere to the ambitious timeline required by CMS while acknowledging and addressing concerns about the pace and scope of change. That said, I am sure this will not be the last time you hear concerns about the pace of activities under this project. The project is ambitious, and CMS will hold us to our ambitious plans. However, we are trying to strike a balance between creating appropriate pressure to change care delivery models, improve service and reduce cost growth while building into our innovations prudent design and appropriate protections.

I would be happy to brief your committee on any aspect of the project in more detail at any time, including detailed information about how grant monies are being spent. This project will move quickly, but it is our intent that it be broadly inclusive as we move forward, and we want you to be part of that process. Please have your staff contact me if you would like to arrange future briefings.

Sincerely,

s/Anya Rader Wallack

Anya Rader Wallack, Ph.D.
Chair
Vermont State Innovation Model Core Team

Cc: Members of the Joint Health Care Oversight Committee
Governor Peter Shumlin
Members of the SIM Core Team
Speaker Shap Smith
President Pro Tempore John Campbell

