OneCareVermont

Senate Health and Welfare Presentation

Todd B. Moore
February 11, 2016

Medicare/ CMS Leading the Charge

OneCareVermont

12 Major Programs

- **5 Mandatory**
- **7 Optional**

Voluntary movement to more advanced models to exempt providers from more basic programs

True innovation increasingly provided/allowed in more advanced models

OneCare Vermont

OneCareVermont

- One of 26 Organizations accepted into Next Generation
  - 21 Started in 2016 and 5 Deferred until 2017 (including OneCare and Dartmouth-Hitchcock)
- Accountability (risk) for total cost of care for attributed beneficiaries
  - For first time, offers lower discount requirement to CMS based on low base cost and high quality (discount range minimum 0.5% and maximum 4.5%)
  - For first time, offers a true non-FFS payment option for ACO networks wishing to do true payment reform
  - Offers many other enhancements and advantages
- OneCare had to demonstrate substantial capabilities to be accepted
- OneCare had to commit to aligning other payers into value-based contracts

Vermont's All-Payer Model

OneCareVermont

- 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
  - Program requires multi-payer system including Medicaid and Commercial populations to ensure aligned incentives

Vermont All-Payer Model

OneCareVermont

- 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
  - Since still in negotiation, how much will the terms change?
  - What are the exact measures and targets on the three system goals?
  - How will the ACO program under APM be offered, structured, and regulated?
  - What are Implications if ACO participation is not broad-based?

Going Forward – Three Potential Paths

OneCareVermont

OneCareVermont

OneCare Vermont
"Pure" Next Generation and Negotiated/Aligned Commercial and/or Medicaid Contracts
Expected Network: Some of existing OneCare Network

<OR>

OneCare Vermont
"APM" Program – Aligned Next Generation programs across Medicare, Medicaid, and Commercial
Expected Network: Most of existing OneCare Network

<OR>

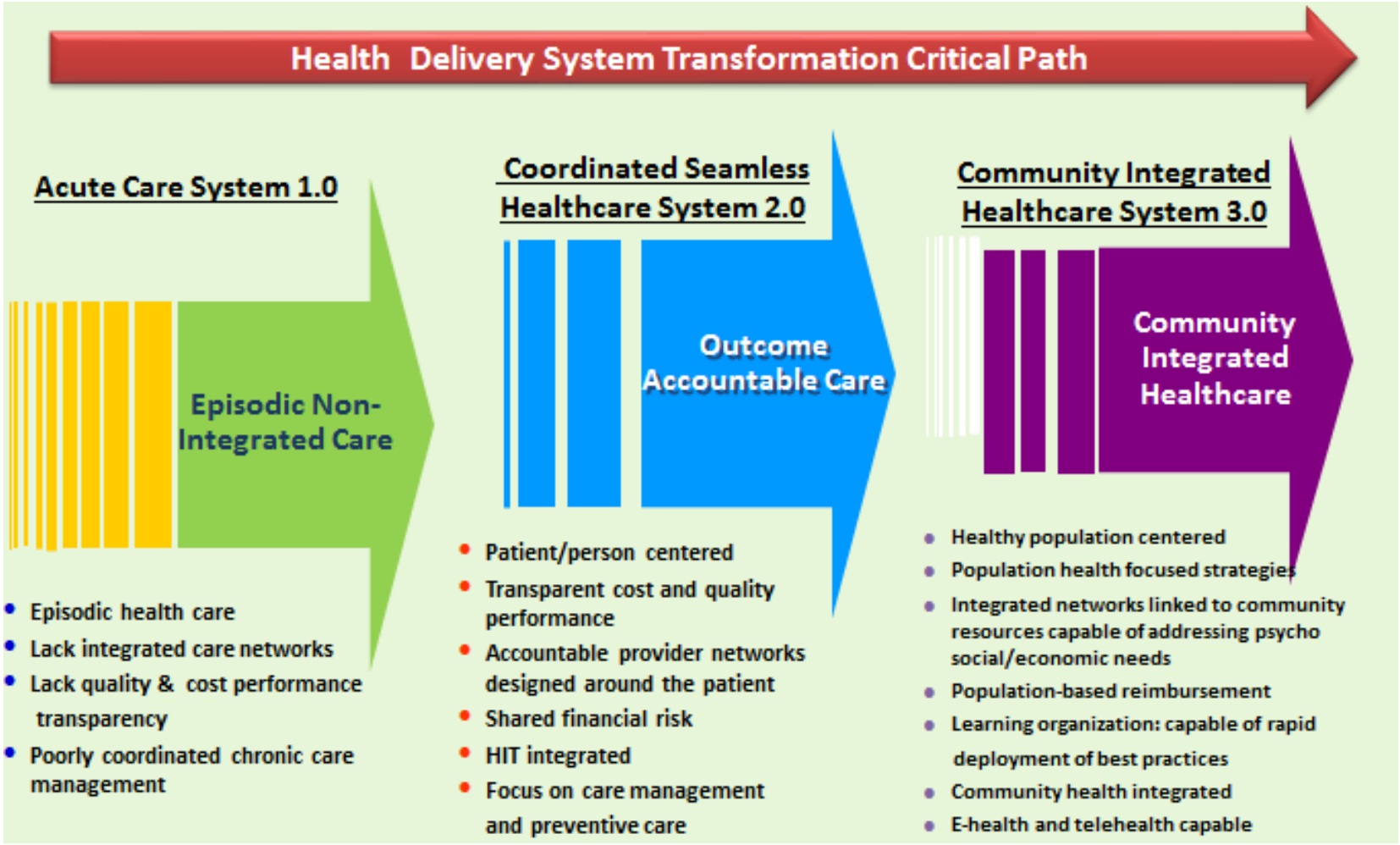
Vermont Care Organization (VCO)
"APM" Program as Statewide ACO
Required Network: Participants from 3 current ACOs including community-based providers

Vermont Care Organization

2017

VCO could transition Vermont to healthcare 3.0

OneCareVermont



Halfon N. et al, Health Affairs November 2014

Planning the Vermont Care Organization (Potential Single ACO)

Vermont ACO Landscape

OneCareVermont

- 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

MOU Steering Committee

OneCareVermont

- Members:
  - Joe Woodin
  - Patrick Flood
  - Mary Moulton

  CHAC Delegates
  - John Brumsted M.D.
  - Eric Seyferth M.D.
  - Kevin Stone

  OneCare Delegates
  - Paul Reiss M.D.
  - Paul Unger M.D.
  - Joe Haddock M.D.

  Healthfirst Delegates
  - Tom Huebner
  - Kevin Kelley

  At-Large Delegates
  - Todd Moore
  - Amy Cooper
  - Joyce Gallimore

  ACO Management Delegates

MOU Process Update

OneCareVermont

- 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

OneCareVermont

Planning Environment: The Big Hurdles

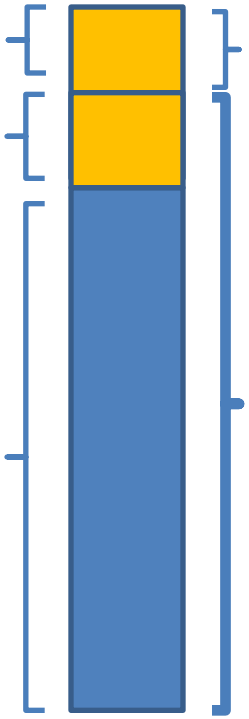
OneCareVermont

- Hurdle 0: Is APM Real?
  - Will APM really happen? Will the term sheet change?
  - What is the ACO “deal” and how will it be offered/regulated?
- Hurdle 1: Network Participation - Who’s in Matters
  - Attribution – Independent, FQHC, Hospitals; is Vermont big enough for multiple ACOs?
  - Hospitals - Risk management, Power of broad-based hospital spend
- Hurdle 2: DVHA and Medicaid
  - Implications of the delegated population health model
  - How to handle non Part A/B spending
  - Growth rate – does state budgeting align with the Next Generation-style ACO model?
- Hurdle 3: Commercial Payer Participation
  - Will they support the APM approach?
  - Challenges of aligning with multiple payers
- Hurdle 4: The Financial Needs to Operate the Model 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

OneCareVermont

Commercial Insurance Plan (QHP under ACA)



Insurer General Administrative and Risk Management

Insurer Quality Improvement Activities

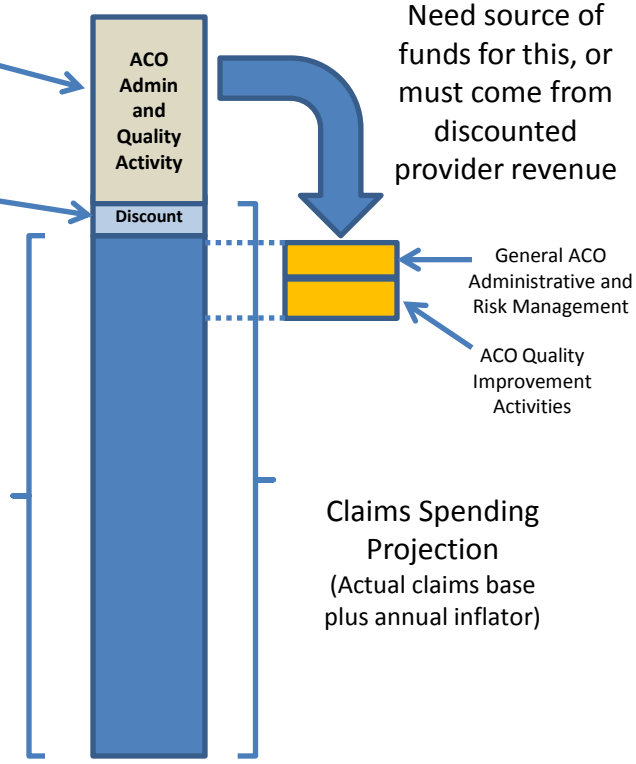
Claims Risk Budget (Actuarially determined on base plus trend)

Calculated Admin Ratio (allowed to be up to 15% for large group)

Calculated Medical Loss Ratio

- **Can include insurer quality activity**
- **Must be at least 85% (for large group)**

Next Generation ACO



Medicare Next Gen has No Source of Added Funds for This ***plus*** Have to Grant Discount

Need source of funds for this, or must come from discounted provider revenue

General ACO Administrative and Risk Management

ACO Quality Improvement Activities

Claims Risk Budget (Spending projection minus discount)

Claims Spending Projection (Actual claims base plus annual inflator)

Assessing the ACO Model

OneCareVermont

- 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 their business model and the value of a predictable health care services growth rate meeting the state's target, and increased delivery system coordination and focus on quality and satisfaction