



MEMORANDUM

To: Senate Committee on Health and Welfare
From: Sharon M. Winn, Policy Director, Bi-State Primary Care Association
Cc: Amy Cooper, Health First and Vermont Collaborative Physicians
Subject: H. 812 An Act Relating to Consumer Protections for Accountable Care Organizations
Date: March 31, 2016

Background

- H. 812 arises from the premise that as ACOs take on risk historically held at health plans, the ACO may have incentive for behavior that is adverse to consumer interests.
- Next Generation ACO terms require the ACO to share in at least 80 percent of the gains or losses against an expected target.
- Shared savings ACOs incur no downside risk, are generally smaller in scale, and do not have the same incentives a risk-bearing ACO would have.
- Much of the discussion and language on H. 812 revolve around risk-bearing ACO issues.

Request

- Tailor H. 812 to apply specifically to risk-bearing ACOs.
- Could be accomplished by borrowing the Next Generation ACO definition relating to risk sharing.

Rationale

- Important contingency planning for small ACOs, in the event a waiver or a single organization doesn't materialize.
- Allows broad participation in innovations if a single ACO doesn't work, despite all good faith efforts.
- Allows broad participation if Vermont ends up moving forward in a phased or incremental way.