Vermont All-Payer Accountable Care Organization Model Agreement: History and Context

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Vermont’s Payment and Delivery System Reform Goals

• Move away from fee-for-service reimbursement system to a population-based payment (global budget) model.

• Employ a reimbursement model that directs payments for quality and outcomes.

• Create incentives to integrate and coordinate services across the care continuum to improve care and promote wellbeing for Vermonters.
Vermont All-Payer Accountable Care Organization (ACO) Model

- **Medicare**
  - VT modified Next Gen ACO /Vermont ACO Initiative

- **Medicaid**
  - VT Medicaid Next Gen ACO through 1115 waiver

- **Commercial**
  - Risk-Based ACO Contract

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Vermont All-Payer ACO Model (aligned ACO standards)

OneCare VT ACO

Provider Care Continuum
What Does the All-Payer ACO Agreement Provide for Vermont?:

- reasonable targets for limiting health care cost growth;
- meaningful measures and targets to support population health improvement;
- protection of Medicare beneficiaries;
- enhanced benefits for Medicare beneficiaries attributed to ACOs;
- preservation of successful Vermont reform programs;
- Vermont-specific local control;
- provider-led reform;
- a six-year phased-in approach to implementation;
- no financial penalties to the State or Providers should targets not be achieved;
- accountability of ACOs and oversight by the GMCB.
How Did We Get Here?

01
2014-2016 Negotiations with Center for Medicare and Medicaid Innovation

02
2016
Legislature grants authority to enter into an APM agreement with the federal government consistent with the principles outlined in Act 48
Requires ACO certification and budget review

03
2016
Governor, Secretary of Agency of Human Services, Chair of Green Mountain Care Board sign All-Payer ACO Model Agreement
2010: Congress enacts Affordable Care Act:
  • authorizes Medicaid and Medicare to test innovative payment and service delivery models that could be expected to reduce program expenditures while maintaining or improving the quality of beneficiaries’ care, including Accountable Care Organizations.

2011: The Vermont Legislature enacts Act 48:
  • creates the Green Mountain Care Board (GMCB) and requires it to regulate health care cost growth through Insurance Premium Rate Review, Hospital Budget Review, Certificate of Need Review;
  • empowers GMCB to develop and implement payment and delivery system reforms with the goal of controlling the rate of growth in health care costs while maintaining or improving health care quality.
Platform for Reform: How did VT Arrive at an ACO Model?

2013: The federal government awards State Innovation Model (SIM) grants:
• grants awarded to six states, including Vermont;
• tests alternative payment models with an emphasis on multi-payer payment reforms.

2013: GMCB creates a multi-payer ACO Shared Savings Program (SSP) payment reform pilot:
• encourages networks of providers called Accountable Care Organizations (ACOs) in Vermont to join together and be held accountable for the quality and experience of care while reducing the rate of growth in health care spending.
• ACO and its network is allowed to keep a portion of the savings generated.
• Does not change payment, as Fee for Service continues and providers measure success or failure afterward.
2015: The federal government develops a next generation ACO payment reform model:
   • Changes payment model by offering monthly per-beneficiary-per-month (PBPM) payments to ACOs, who are responsible for paying providers;
   • permits ACOs to accept higher levels of financial risk and reward than were previously available.

2015: Congress enacts the Medicare Access and CHIP Reauthorization Act (MACRA):
   • changes status quo in Medicare significantly;
   • moves the Medicare payment system towards incentive and performance-based payments;
   • specifically, mandates that providers either take on risk based on quality performance in Fee for Service or join alternative payment models.

2015: The Vermont Legislature enacts Act 54:
   • authorizes GMCB and the Secretary of Administration to explore an All-Payer Model (APM) - an alternative payment model in which Medicaid, Medicare, and commercial insurance pay for health care on a capitated basis facilitated through an ACO.
2016: Vermont presents the All-Payer Model Term Sheet Proposal to the federal government, detailing the terms required by the State.

2016: The Vermont Legislature enacts Act 113:
• grants GMCB and the Agency of Administration (AOA) authority to enter into an APM agreement with the federal government consistent with the principles outlined in Act 48;
• confers GMCB substantial oversight responsibilities, including requirements for ACO certification and budget review.

2016: GMCB and AOA release a draft of the APM agreement followed by a series of public forums and Board meetings held in different regions of the State.
• the Governor’s Office and GMCB receive numerous public comments and letters of support from health care providers, insurers, businesses and consumer advocates.
2016: Vermont and the federal government enter into the All-Payer ACO Model Agreement. The Agreement provides for:

- protection of Medicare beneficiaries;
- enhanced benefits for Medicare beneficiaries attributed to ACOs;
- a six-year phased-in approach to implementation;
- meaningful measures and targets to support population health improvement;
- provider-led reform;
- Vermont-specific local control;
- preservation of successful Vermont reform programs;
- no financial penalties to the State or Providers should targets not be achieved;
- reasonable targets for limiting health care cost growth;
- addressing the payer differential between Medicaid and Medicare;
- accountability of ACOs and oversight by the GMCB.

2016: Department of Vermont Health Access Issues RFP for Vermont Medicaid Next Generation (VMNG) ACO Program, offering all-inclusive population-based payments.
Platform for Reform: How did VT Arrive at an ACO Model?

2017: Department of Vermont Health Access Launches VMNG contract with OneCare Vermont

2017: GMCB adopts Rule 5.000 relating to oversight of ACOs.

2017: GMCB Approves OneCare Vermont Budget for All-Payer ACO program and sets Medicare rate of growth, launching performance year 1 of the All-Payer ACO Model Agreement.

2018: GMCB Approves OneCare Vermont Budget and sets Medicare rate of growth for performance year 2 of the All-Payer ACO Model Agreement.
Vermont’s Goals are Consistent with the Direction of the Federal Government

2015
Medicare Access and Children’s Health Insurance Program Reauthorization Act.

2017
Quality Payment Program Year 1: Requires participation in Merit-Based Incentive Program or Advanced Alternative Payment Models to qualify for Medicare Reimbursement increases.

2018
Center for Medicare And Medicaid Services announces Accountable Care Organizations taking risk in innovative payment models generate savings. Proposes to move more ACOs towards 2-sided risk.