The Vermont All-Payer ACO Model:

Tackling Unsustainable Cost, Improving Quality and Health

PROBLEM: The cost of health care in Vermont is increasing at an unsustainable rate and there is room to improve the health of Vermonters and the quality of care they receive.

STRATEGY:

- *Care Delivery*: Facilitate the integrated and coordinated delivery of care across the continuum; focus more on and invest in primary care and prevention; deliver care lower cost settings; reduce duplication of services.
- *Payment*: Move away from fee-for-service reimbursement, which rewards the delivery of more services, to population-based payments under which providers accept responsibility for the health of a group of patients in exchange for a set amount of money.

INTERVENTION:

- Implement a statewide ACO model under which the majority of Vermont providers participate in aligned ACO programs across Medicare, Medicaid, and commercial payers.
- All-Payer ACO Model Agreement signed in 2016, enabling Medicare's participation in the model.

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The Vermont All-Payer ACO Model:

What is Vermont responsible for?

Scale and Cost Growth	Population Health and Quality Measures
• Limiting cost growth ➢ All-Payer Growth Target: Compounded annualized growth rate < 3.5% ➢ Medicare Growth Target: 0.2% below national projections • Ensuring alignment across payers, which supports participation from providers and increases "scale" ➢ All-Payer Scale Target – Year 5: 70% of Vermonters ➢ Medicare Scale Target – Year 5: 90% of Vermont Medicare Beneficiaries	• Meeting targets for **20 quality measures**, including three population health goals for Vermont ➢ Improve access to primary care ➢ Reduce deaths due to suicide and drug overdose ➢ Reduce prevalence and morbidity of chronic disease • ACO/providers are responsible for meeting quality measures embedded in contracts with payers

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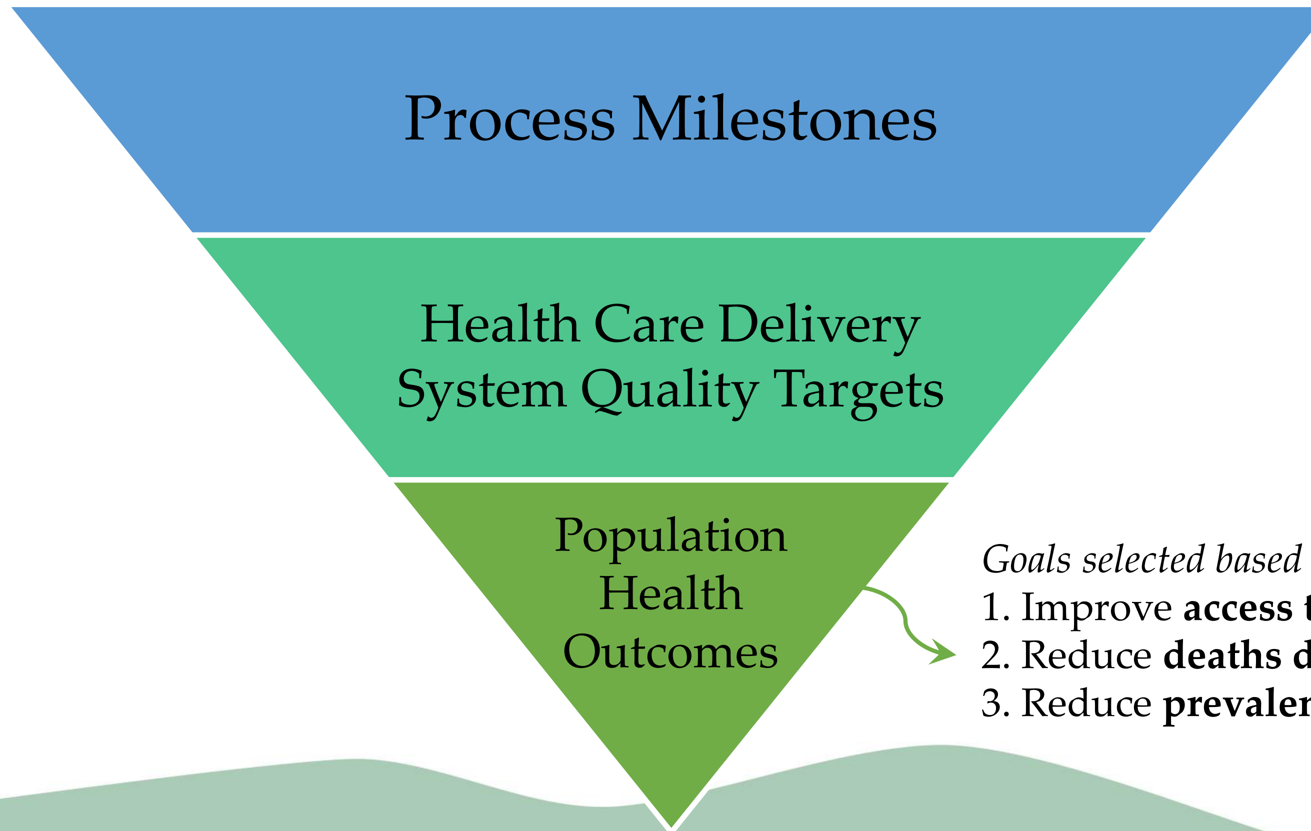
The Vermont All-Payer ACO Model:
Quality Framework

- Vermont is responsible for meeting targets on **20 measures** under the Model

Process Milestones and **Health Care Delivery System Quality Targets** support achievement of ambitious **Population Health Goals**



Goals selected based on Vermont's priorities:
1. Improve **access to primary care**
2. Reduce **deaths due to suicide and drug overdose**
3. Reduce **prevalence and morbidity of chronic disease**

The Vermont All-Payer ACO Model:

Accountable Care Organizations

What is an ACO?

- "[A]n organization of health care providers that has a formal legal structure . . . and agrees to be accountable for the quality, cost, and overall care of the beneficiaries assigned to it." 18 V.S.A. § 9373.

Who is an ACO responsible for?

- Attribution is the methodology used to define the population an ACO will be responsible for. Attribution is usually based on the existence of a primary care relationship with a provider participating in the ACO.

What is an ACO responsible for?

- The set of items and services an ACO is responsible for varies slightly by payer. Under the All-Payer Model ACO Agreement, ACO programs in Vermont must cover at least items and services comparable to the items and services covered by Medicare Part A and Part B.

The Vermont All-Payer ACO Model:

Accountable Care Organizations

How is an ACO responsible for the cost of care?

- Actual expenditures are compared to a spending target (benchmark) to determine if an ACO earned savings (expenditures are below the target) or is responsible for losses (expenditures are above the target).

What is the extent of an ACO's responsibility?

- Risk Corridor: An ACO is responsible for losses and can earn savings up to a certain percentage of the spending target (e.g., +/- 5%). Outside the corridor, losses are born only by the payer and savings accrue only to the payer.
- Risk Sharing: Within the corridor, a payer may share losses and may share in savings (e.g., 50/50).

How is an ACO responsible for quality?

- OneCare is implementing an aligned quality withhold. It sets aside a certain amount of money in a quality incentive fund. Based on its performance on negotiated quality measures (aligned across payers), OneCare may be eligible to distribute some or all of the funds to ACO providers. The arrangement maintains an incentive to perform well on the quality measures even if there are no "savings."

The Vermont All-Payer ACO Model:
Role of the GMCB

The GMCB is one of the signatories to the All-Payer ACO Model Agreement and is responsible for implementing the model and regulating ACOs and other entities to achieve the goals of the Model.

- **APM Implementation**
  - Setting the Medicare ACO program's financial target, subject to CMS approval
  - Working with CMS on the design of the Medicare program to advance alignment
  - Advising DVHA on the appropriate ACO payment rate (18 V.S.A. § 9573)
  - Tracking and reporting on financial, scale, and quality targets
  - Reporting on model implementation (e.g., program alignment and payer differential)
- **Regulation**
  - Certifying ACOs (18 V.S.A. § 9382)
  - Reviewing ACO budgets (18 V.S.A. § 9382)
  - Implementing changes to other GMCB regulatory processes (e.g., hospital budgets and health insurance premium rate review) to create an integrated regulatory approach