

Vermont's All-Payer ACO Model – GMCB's role

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GMCB's role in Health Care Reform



1. Regulates certain private health care entities in support of the state's broader health care reform goals of (1) curbing health care cost growth and (2) improving quality and population health outcomes
2. Stewards of health care data and analytics for the public and policy-makers, supporting a transparent, statewide view of cost and quality across Vermont's system of care

GMCB role in All Payer Model (APM) Agreement



1. Proxy for Medicare
2. Regulatory Alignment
3. Statewide Health Care Data/Analytics

GMCB as Medicare Proxy



1. Establish health care spending targets, the mechanism for constraining fee for service health care cost growth
2. Recommend program design modifications to the Medicare ACO initiative to better align with other Vermont health care reform efforts.

Regulatory Alignment



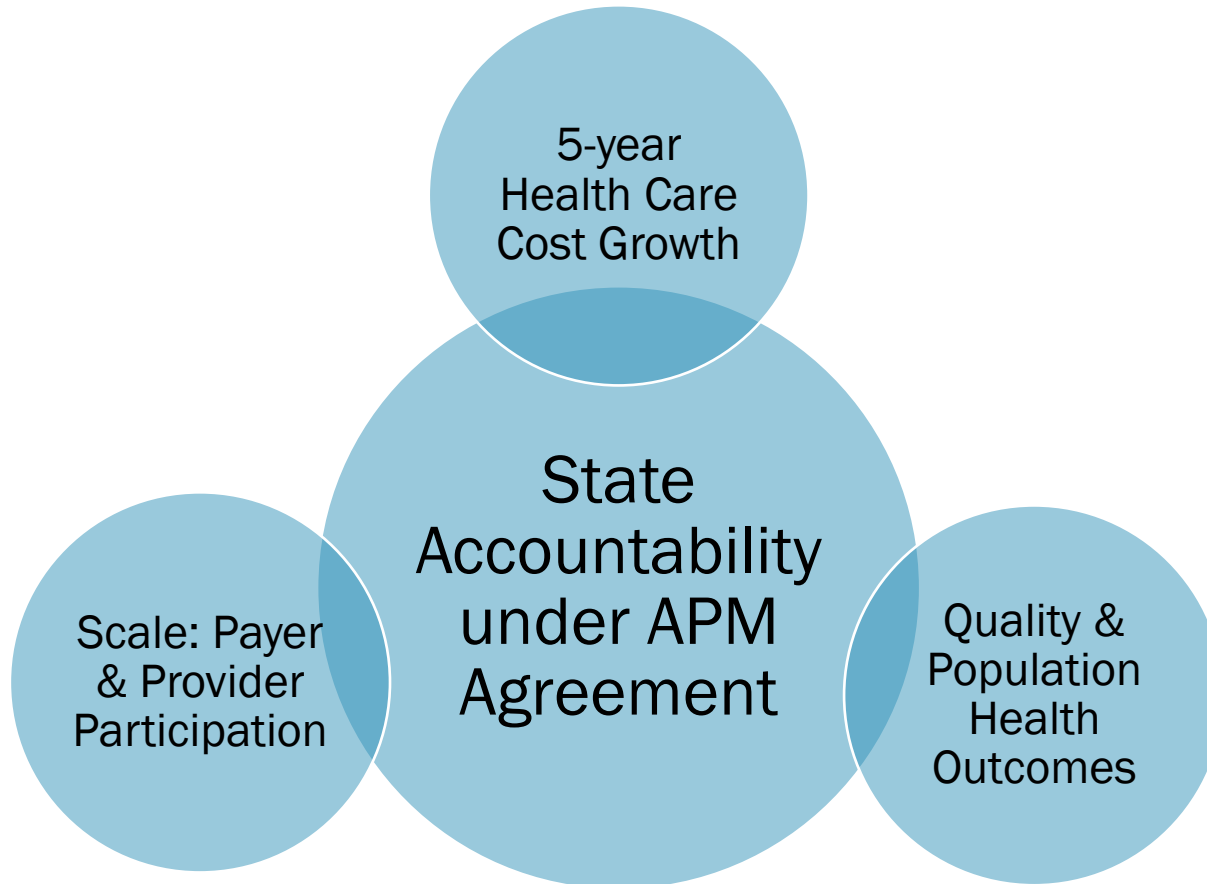
1. Hospital Budget Review
2. Accountable Care Organization (ACO) Budget Review and Certification (Act 113)
3. Health Insurance Rate Review

Health Care Data/Analytics



1. Reports state's performance under APM agreement on scale, cost, quality and population health outcomes
2. Monitors for rationing/cherry picking etc.
3. Analyzes patterns in utilization and costs over time and across the delivery system

Measuring State Progress per APM Agreement



Measuring State Progress per APM Agreement

Health Care Cost Growth

Tracks per person spending on certain health care services known as the Total Cost of Care (TCOC).

Measures spending growth for **statewide all-payer** and **Medicare** populations:

1. Is all-payer spending on track to be less than 3.5% or 4.3% over the life of the agreement?
2. Is Vermont's Medicare spending more than 0.2% below the national average

Scale: Payer & Provider Participation

1. Assess alignment across **ACO-payer** programs and determine if scale qualifying
2. Track **providers** participating in qualifying programs
3. Measure scale by determining which **Vermonters "attribute"**: who is covered under a qualifying payer-program and has an established relationship with a participating provider?

Quality & Population Health Outcomes

Population health measures:

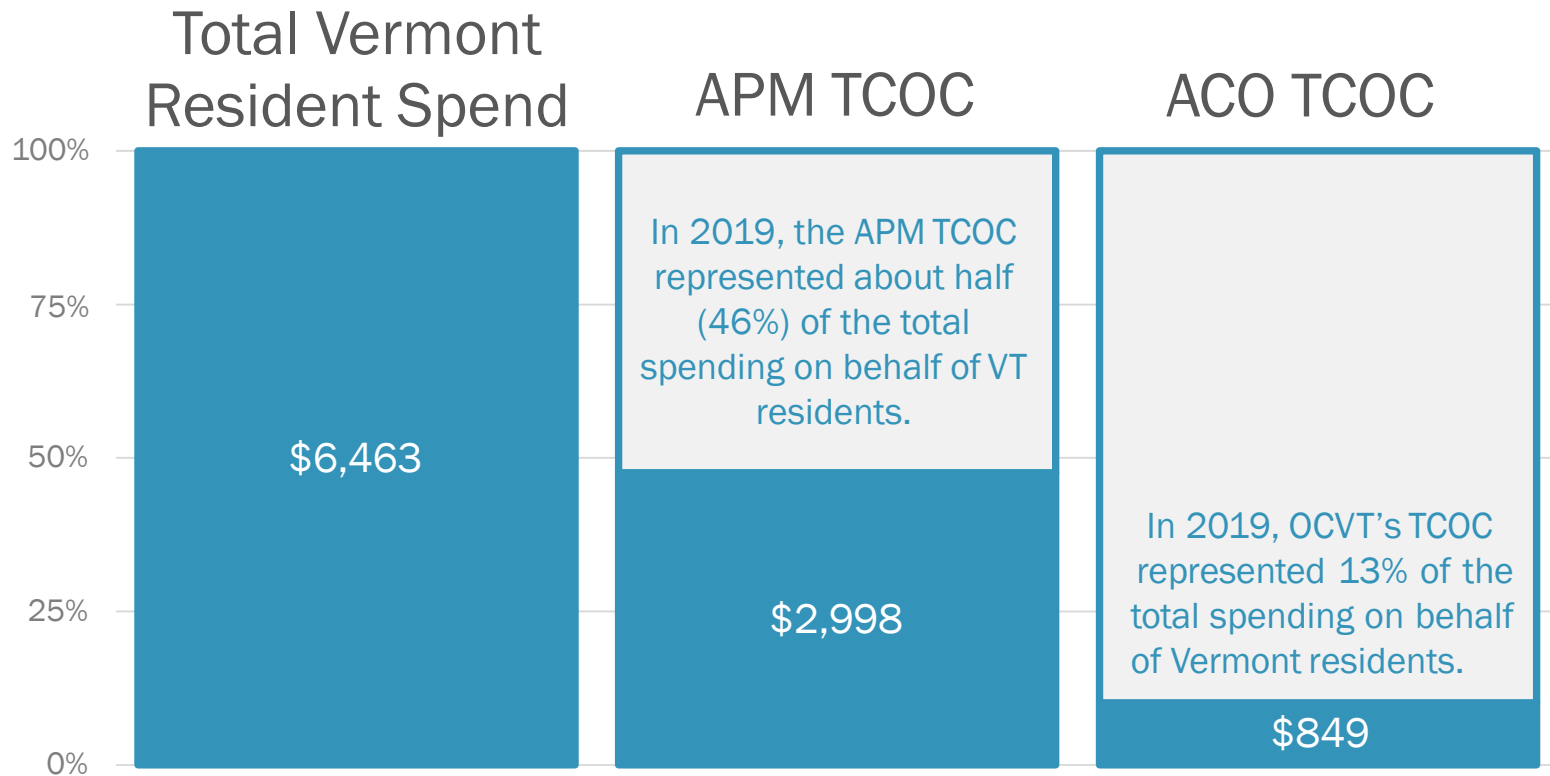
1. Improve access to primary care
2. Reduce deaths due to suicide and drug overdose
3. Reduce the prevalence and morbidity of chronic disease

22 Quality measures

expected to drive population health:

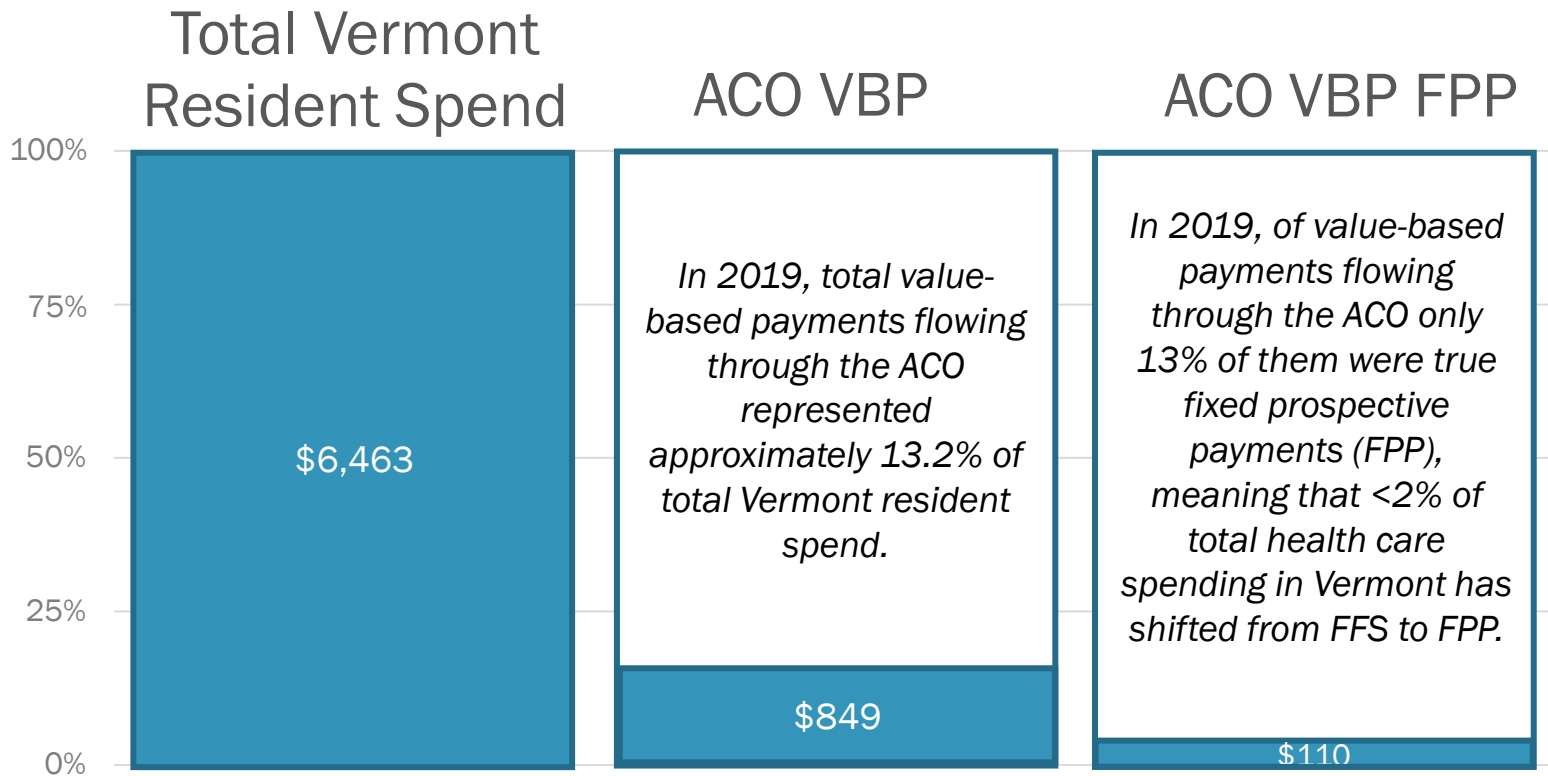
1. Health delivery system quality targets
2. Process milestones

Comparing Measures of Health Care Spending



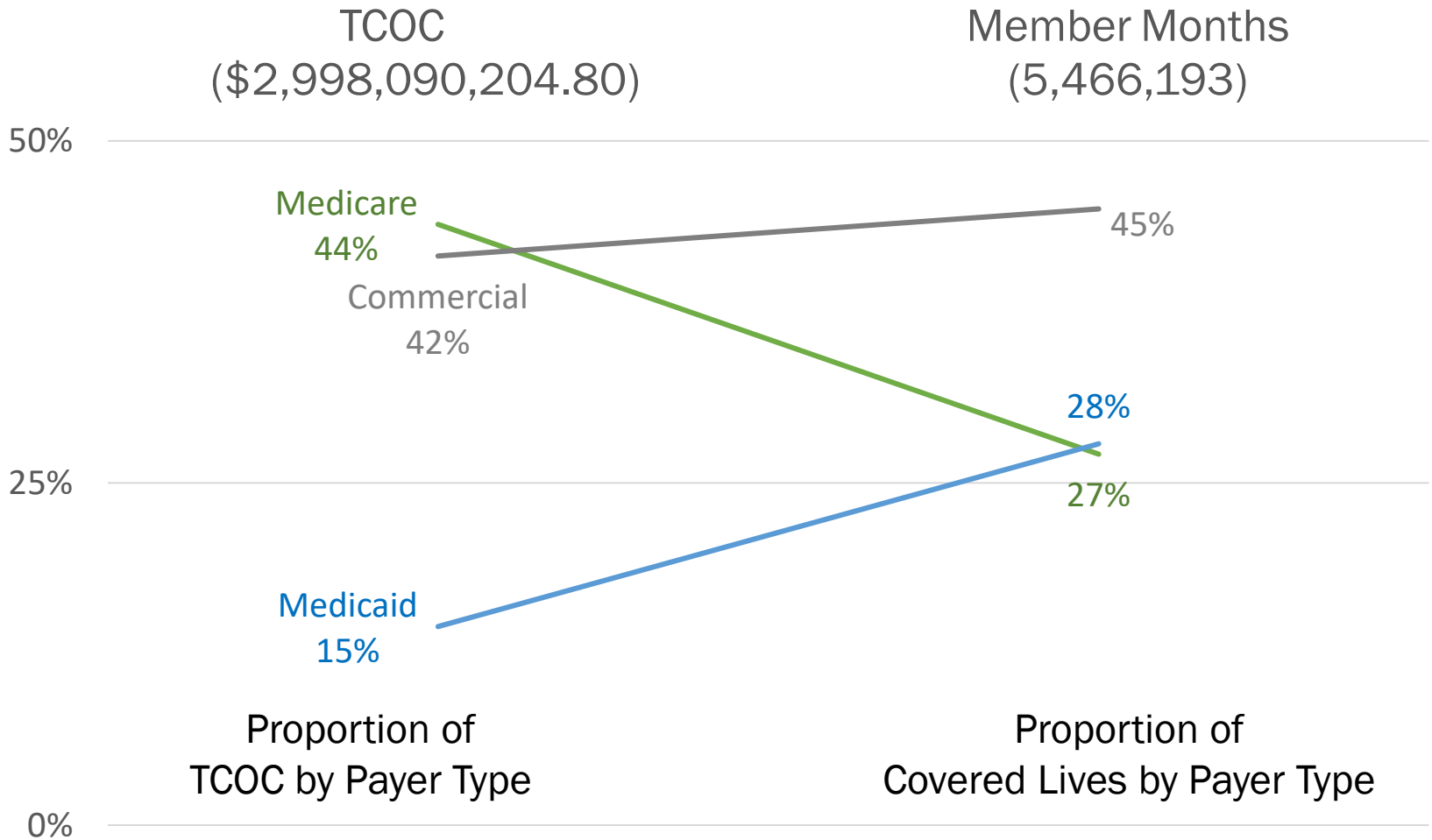
Note: Estimated expenditures for total resident spend based on the 2018 [Vermont Expenditure Analysis](#).
APM TCOC expenditures for VT resident spend based on the 2019 Annual Report for APM TCOC.
ACO TCOC expenditures for VT resident spend based on ACO submitted financials.

Comparing Measures of Health Care Spending



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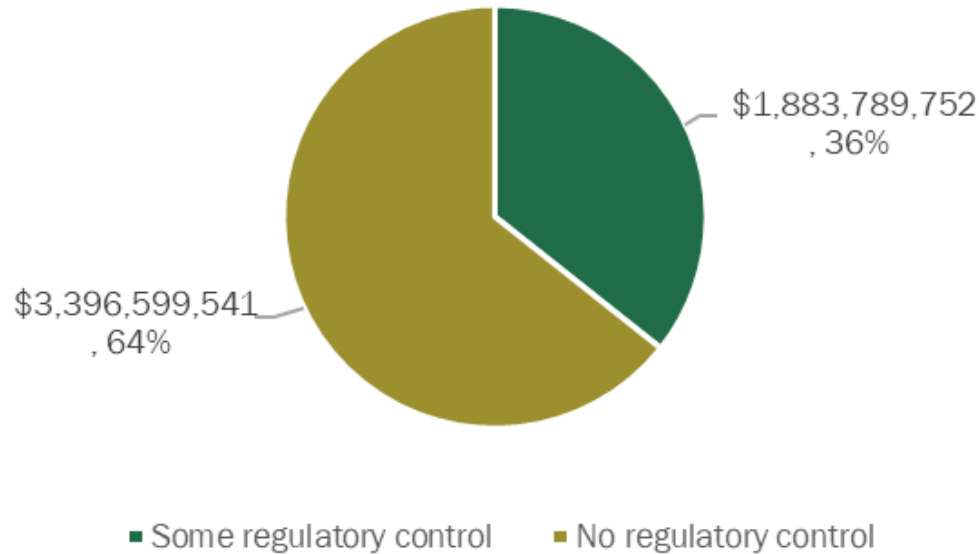
Share of APM TCOC vs Population by Payer Type (2019)



All-Payer TCOC

Influence Over Time

Proportion of the Total Cost of Care under some regulatory control in Vermont, 2016 (Pre-APM)



“Some regulatory control” is defined by the groups: Medicaid ACO and Non-ACO, Medicare ACO (ESRD & Non-ESRD), and Commercial Fully-Insured

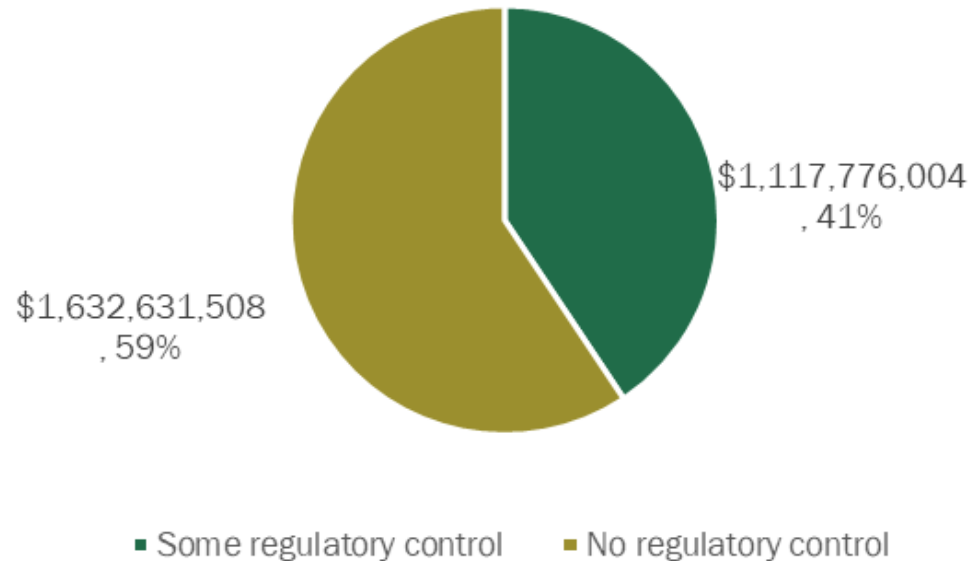
“No regulatory control” is defined by the groups: Commercial Self-Funded, Medicare Advantage, and Medicare Non-ACO.

Dollars calculated from the 2019 Annual Total Cost of Care Report

All-Payer TCOC

Influence Over Time

Proportion of the Total Cost of Care under some regulatory control in Vermont, 2017 (APM PYO)



“Some regulatory control” is defined by the groups: Medicaid ACO and Non-ACO, Medicare ACO (ESRD & Non-ESRD), and Commercial Fully-Insured

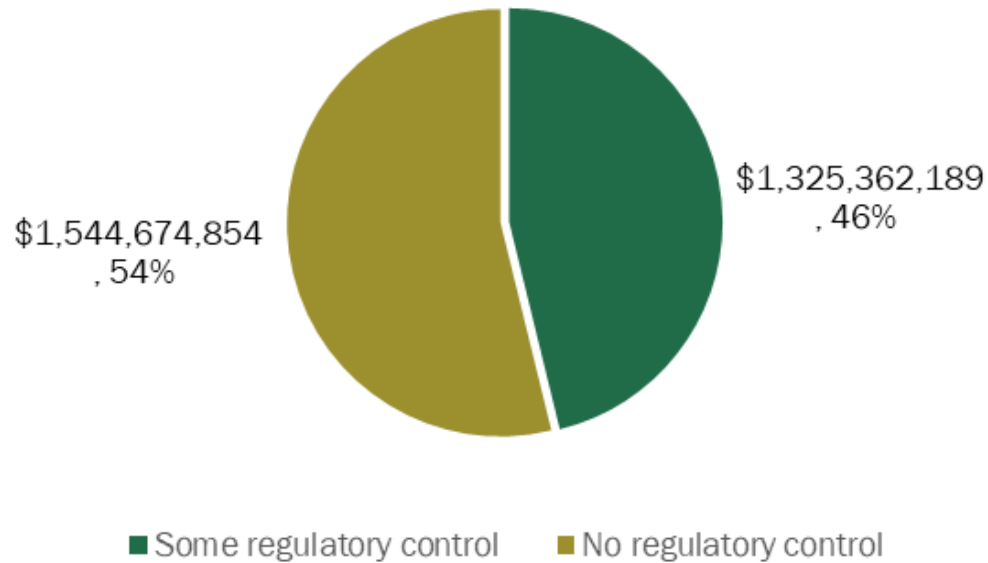
“No regulatory control” is defined by the groups: Commercial Self-Funded, Medicare Advantage, and Medicare Non-ACO.

Dollars calculated from the 2019 Annual Total Cost of Care Report

All-Payer TCOC

Influence Over Time

Proportion of the Total Cost of Care under some regulatory control in Vermont, 2018 (APM PY1)



“Some regulatory control” is defined by the groups: Medicaid ACO and Non-ACO, Medicare ACO (ESRD & Non-ESRD), and Commercial Fully-Insured

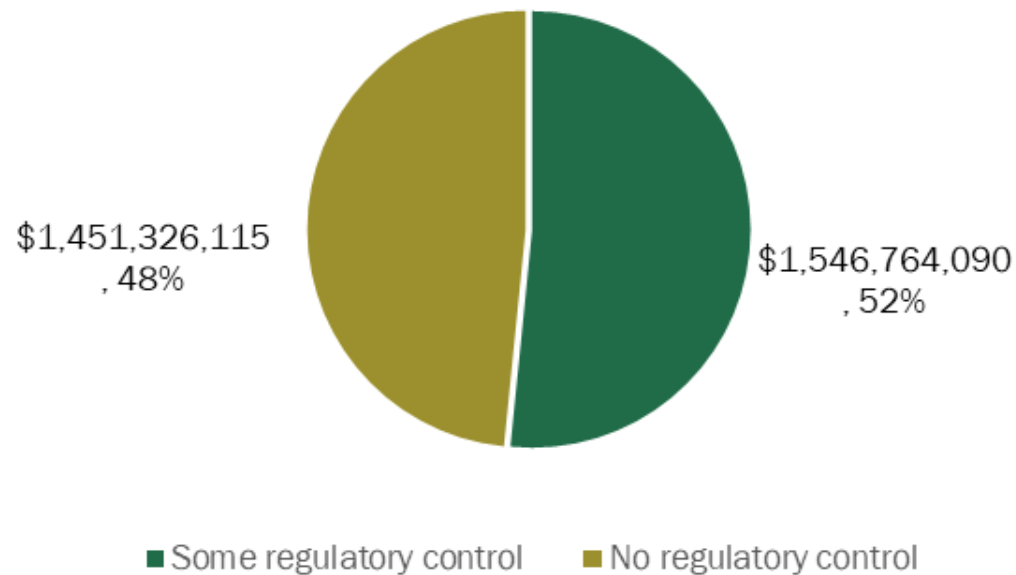
“No regulatory control” is defined by the groups: Commercial Self-Funded, Medicare Advantage, and Medicare Non-ACO.

Dollars calculated from the 2019 Annual Total Cost of Care Report

All-Payer TCOC

Influence Over Time

Proportion of the Total Cost of Care under some regulatory control in Vermont, 2019 (APM PY2)

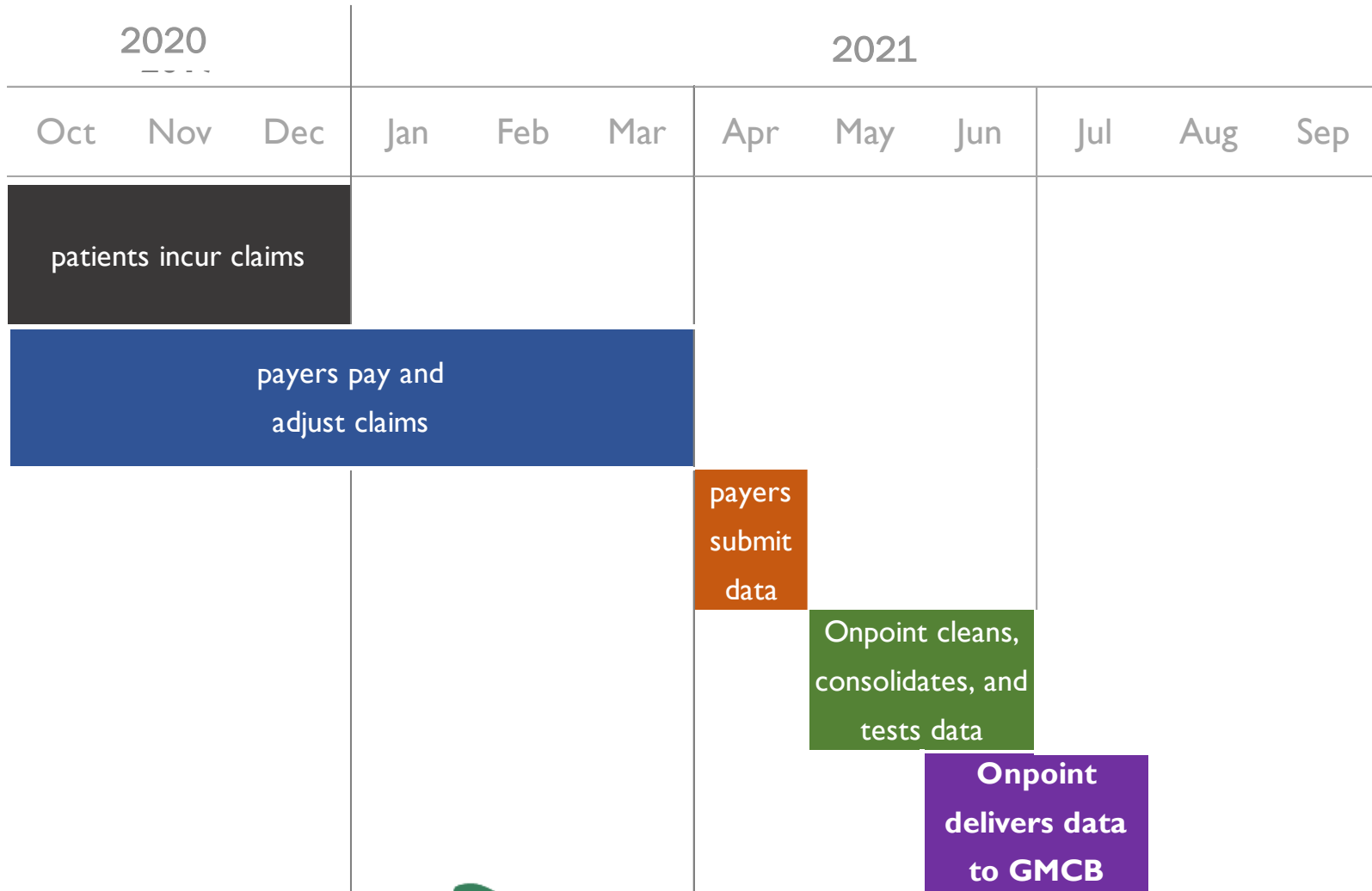


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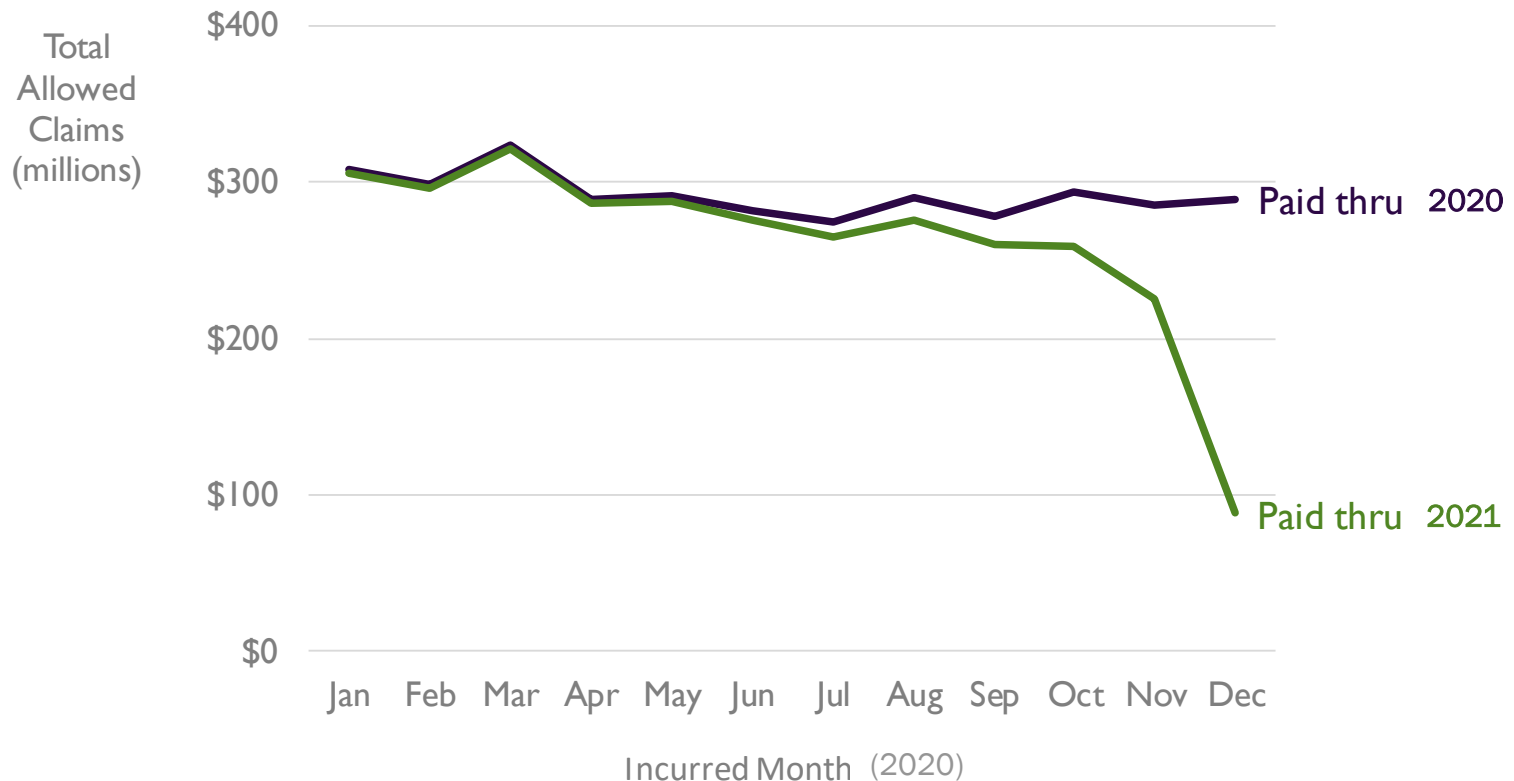
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Dollars calculated from the 2019 Annual Total Cost of Care Report

VHCURES Data Timeline



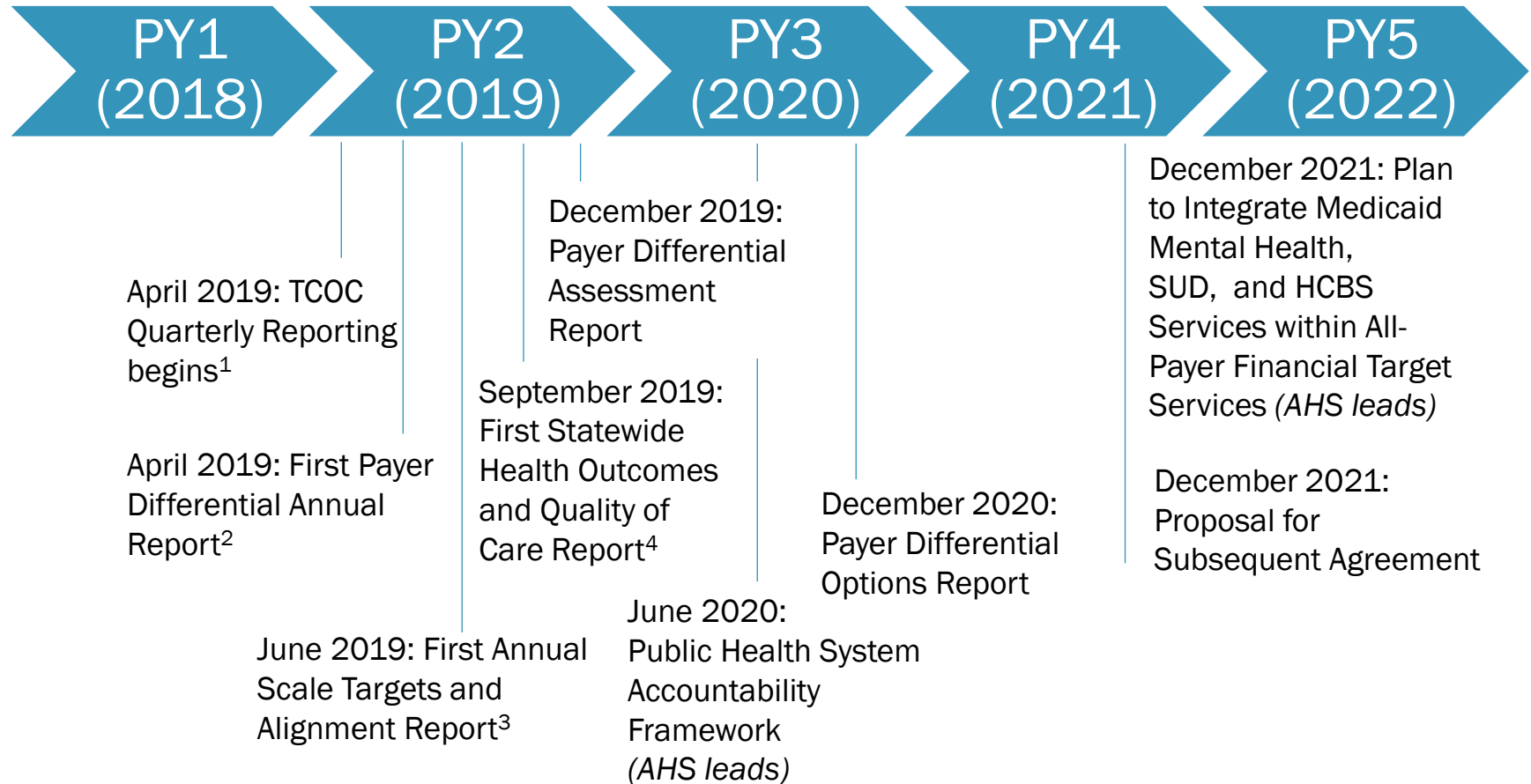
Claims Incurred: Timeline



Source: VHCURES

Allowed amounts are for primary payments from commercial, Medicaid, Medicare

Reporting to CMS



¹ Submitted quarterly (reports produced approximately 9 months following final date of service); annual reports completed as data allow. ² Submitted annually on 4/1. ³ Submitted annually on 6/30. ⁴ Submitted annually on 12/30, or as data allow.

Questions?

GMCB Regulatory Levers



Goal #1: Vermont will reduce the rate of growth in health care expenditures

Goal #2: Vermont will ensure and improve quality of and access to care

GMCB Regulatory Levers

ACO Certification (Act 113 of 2016)

ACO Budget Review (Act 113 of 2016)

Medicare ACO Program Design and Benchmark Setting (APM Agreement)

Hospital Budget Review

Health Insurance Rate Review

Certificate of Need

Agreement Targets: Scale



Calculating All-Payer Scale

$$\frac{\text{Vermont All-Payer Beneficiaries Aligned to a Scale Target ACO Initiative}}{\text{Vermont All-Payer Scale Target Beneficiaries}}$$

- The Vermont All-Payer Scale Target denominator includes:
 - Medicare: All Vermont Medicare fee-for-service enrollees, including dual eligibles.
 - Medicaid: All Vermont Medicaid enrollees (excludes third-party coverage or limited benefit).
 - Commercial: All Vermont members of fully insured plans, self-funded employer plans, and Medicare Advantage plans (excludes members of Federal Employee Health Benefit Plans, TRICARE, and plans without a Certificate of Authority from Vermont Dept. of Financial Regulation; also excludes uninsured).

Calculating Medicare Scale

$$\frac{\text{Vermont Medicare Beneficiaries Aligned to a Scale Target ACO Initiative}}{\text{Vermont Medicare Beneficiaries (including dual eligibles, excluding Medicare Advantage)}}$$

Agreement Targets: TCOC Growth



The All-Payer ACO Model (APM) has two financial targets related to growth in the Total Cost of Care (TCOC), which are resident-based analyses. They measure how much the TCOC is changing on a per person basis for people who live in Vermont.

All-Payer TCOC Growth

- Target: Growth from 2017 to 2022 should be less than 3.5%, but no greater than 4.3% (triggering event).

Medicare TCOC Growth

- Target: Growth from 2017 to 2022 should be 0.2 percentage points less than expected national growth.

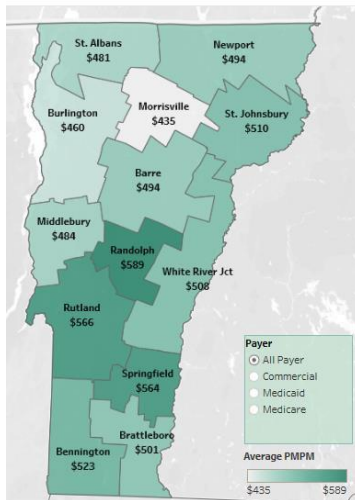
Two Main Lenses for Health Care Spending Analysis

RESIDENT

Where people live

\$6.26 billion in 2018*

E.g. All-Payer Total Cost of Care:



PROVIDER

Where care was delivered

\$6.44 billion in 2018*

E.g. Vermont Hospital Budgets:

Fiscal Year 2018 Year-End Review

Medicare Designation	Contract with One Care VT*	Hospital	NPR/FPP Actual FY18	% of Total
PPS**	✓	Brattleboro Memorial Hospital	\$77,601,735	3.1%
PPS	✓	Central Vermont Medical Center	\$194,586,135	7.7%
CAH		Copley Hospital	\$66,226,448	2.6%
CAH		Gifford Medical Center	\$48,844,171	1.9%
CAH		Grace Cottage Hospital	\$18,193,737	0.7%
CAH	✓	Mount Ascutney Hospital & Health Center	\$50,808,643	2.0%
CAH	✓	North Country Hospital***	\$81,484,221	3.2%
CAH		Northeastern VT Regional Hospital	\$78,445,072	3.1%
PPS	✓	Northwestern Medical Center	\$103,317,768	4.1%
CAH	✓	Porter Medical Center	\$80,346,401	3.2%
PPS		Rutland Regional Medical Center	\$254,235,029	10.1%
PPS	✓	Southwestern VT Medical Center	\$161,115,765	6.4%
CAH	✓	Springfield Hospital	\$52,978,810	2.1%
PPS	✓	University of Vermont Medical Center	\$1,254,036,509	49.7%
		SYSTEM	\$2,522,220,444	100%

Note: Estimates based on 2018 [Vermont Expenditure Analysis](#).

APM All-Payer TCOC vs. Hospital Budgets



	All Payer TCOC	Hospital Budgets
Vermont Residents		
\$ for care delivered in HSA	✓	✓
\$ for care delivered outside of HSA	✓	x
Non-Vermont Residents		
\$ for care delivered in HSA	x	✓
\$ for care delivered outside of HSA	x	x

APM All-Payer TCOC vs. Hospital Budgets

• ALL-PAYER TCOC

- Actual expenditures for a
- fixed population
- A subset of medical expenditures:
 - Medical claims
 - Medicaid's All-Inclusive Population Based Payment
 - Blueprint and SASH payments
 - Shared savings and losses

HOSPITAL BUDGETS

- Estimated, future spending for an unknown population
- A broad set of financial information related to the delivery of care in addition to the operation of medical facilities, e.g.:
 - Maintenance and equipment
 - Salaries and fringe
 - Bad debt and free care
 - Provider tax
 - Drugs and supplies

APM All-Payer TCOC vs. Insurance Rate Review



	All Payer TCOC	Rate Review
Vermont Residents		
\$ for care delivered in HSA	✓	✓
\$ for care delivered outside of HSA	✓	✓
Non-Vermont Residents		
\$ for care delivered in HSA	x	✓
\$ for care delivered outside of HSA	x	✓

APM All-Payer TCOC vs. Insurance Rate Review

ALL-PAYER TCOC

- Actual expenditures for a fixed population
- A subset of medical expenditures:
 - Medical claims
 - Medicaid's All-Inclusive Population Based Payment
 - Blueprint and SASH payments
 - Shared savings and losses

• RATE REVIEW

- Estimated, future spending for an unknown population – based on actuals from two years prior
- Premiums cover the risk associated with medical and pharmaceutical claims, as well as:
 - Administrative costs
 - Contributions to reserves
 - Assessments and fees

APM All-Payer TCOC vs. ACO Budgets



	All Payer TCOC	ACO Budgets
Vermont Residents		
\$ for care delivered in HSA	✓	✓
\$ for care delivered outside of HSA	✓	✓
Non-Vermont Residents		
\$ for care delivered in HSA	x	✓
\$ for care delivered outside of HSA	x	✓

APM All-Payer TCOC vs. ACO Budgets

• ALL-PAYER TCOC

- Actual expenditures for a
- fixed population
- A subset of medical expenditures:
 - Medical claims
 - Medicaid's All-Inclusive Population Based Payment
 - Blueprint and SASH payments
 - Shared savings and losses

ACO BUDGETS

- Estimated, future spending for a fixed population
- ACO Budgets include TCOC targets, as defined by each participating payer, as well as operational expenses and investments in population health programs.

Agreement Targets: Population Health & Quality

Vermont is responsible for meeting targets on **22 population health and quality measures** under the agreement; **Process Milestones** and **Health Care Delivery System Quality Targets** support achievement of ambitious **Population Health Goals**



Population Health Goals

1. Improve access to primary care
2. Reduce deaths due to suicide and drug overdose
3. Reduce prevalence and morbidity of chronic disease