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Vermont All-Payer Accountable Care Organization Model & the Vermont Medicaid Next Generation (VMNG) ACO Program

Department of Vermont Health Access

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Vermont has a goal for the health care delivery system

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- The goal is an integrated system of care where Vermonters get the right care at the right place at the right time, with a focus on keeping people healthy rather than treating them when they are sick.
  - Transitions of care should be well coordinated across providers
  - Cost should be predictable and sustainable.

- ✓ Improve patient experience of care
- ✓ Improve the health of populations
- ✓ Reduce per capita cost growth

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The Big Goal:

Integrated health system able to achieve the **Triple Aim**

VT All-Payer Model Agreement

Vermont's contract with CMS to enable ACO Based Reform

CMS provides payment flexibility and local control in exchange for meeting quality, financial, and scale targets and alignment across payers

Sets forth planning milestones for future integration

VT Medicaid Next Generation ACO Pilot Program

The Medicaid component of the All-Payer Model

Program provisions are designed to align with Medicare Next Generation program as much as possible.

Platform for future ACO-based innovation

The APM requires Vermont payers to partner with one or more ACOs

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- An ACO is a network of providers who agree to work together to assume accountability for the cost and quality of care for a defined population
- Vermont payers and Medicare are working with OneCare Vermont
- Provider participation in an ACO is voluntary
- Providers who participate may benefit from:
  - The option to be paid in a different way
  - Access to data and analytics to support decision-making and quality performance
  - Access to tools and resources to support care delivery
  - Funding to support more coordinated care
  - Shared learnings from a statewide network of providers

The APM helps VT test new ways of paying for and delivering care, working with an ACO

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- Allow Providers to Lead: Participation in the ACO model gives health care providers the opportunity to take leadership for cost containment and quality, instead of the government.
- Change How We Pay for Care: Changing payment incentives—moving away from fee-for-service—is the first step in potentially moderating health care spending in the future by shifting risk to providers.
- Test Whether Alignment Matters: The ACO is participating in aligned Medicaid, Medicare, and commercial programs. This is essential in determining whether ACO based reform has the potential to transform health care.

Medicaid participates in the APM with the VMNG program, which has grown over time

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- The original VMNG contract was a one-year agreement (2017) with four optional one-year extensions.
- DVHA and OneCare triggered one-year extensions for each 2018, 2019, 2020, and 2021.
- Rates are renegotiated annually and reconciliation may occur more frequently.
- Additional providers and communities have joined the ACO network to participate in the program each year.

	2017	2018	2019	2020	2021
Health Service Areas	4	10	13	14	14
Unique Medicaid Providers	~2,000	~3,400	~4,300	~5,000	~4,800
Attributed Medicaid Members	~29,000	~42,000	~79,000	~114,000	~111,000
% Change over Prior Year	--	+45%	+88%	+44%	-3%

There are three years of VMNG program results to date

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- In 2019, DVHA and OneCare agreed on the price of health care upfront, and actual spending was more than expected. Because OneCare shares financial risk with Medicaid, OneCare has to pay for a portion of this spending over the agreed upon price.
  - OneCare Vermont paid approximately $6.7 million to DVHA.
  - If DVHA and OneCare did not have this risk-sharing arrangement, the Vermont Medicaid program would pay the entirety of the amount in excess of the expected price.
- For the third year in a row, ACO-participating providers who were paid prospectively (instead of fee-for-service) spent *less than* expected on the services within their control. For two years in a row, providers who were paid fee-for-service (both within and outside of OneCare's network) spent *more than* expected.
  - This highlights how two different changing financial incentives might impact the delivery and cost of health care.

Medicaid can benefit from this arrangement

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- The VMNG program has given the Vermont Medicaid program **more certainty in budgeting** than it would have had absent this arrangement.
- The risk corridor ensures there are both incentives to control costs and protections (for providers and the Medicaid program) for when actual spending is different than expected. **Payment predictability and risk-sharing work together to build system stability over time**.
- Prospective and FFS spending patterns in the first three years, while not conclusive, signal **the potential of changing financial incentives** in this model.
- Throughout VMNG implementation there have been **incremental improvements in quality performance** and changes in the delivery and coordination of care.
- **Opportunity to continue testing** this model, and to continue improving to the rate setting methodology to allow for additional year-over-year predictability in future.

The VMNG program is reinforced by DVHA's priorities

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01 Value-Based Payments

02 Information Technology Projects

03 Performance

- Medicaid as predictable and reliable payer partner
- A focus on continual, incremental programmatic and performance improvements
- Opportunities to align with other payer programs; opportunities to be an innovative leader