

GMCB Update

Health Reform Oversight Committee

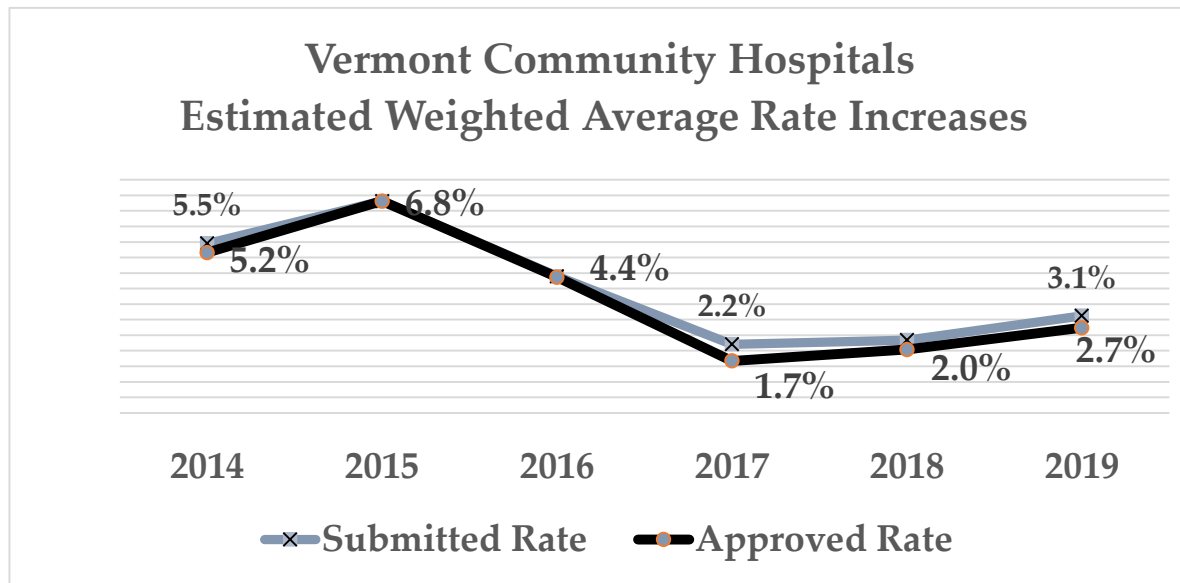
Chair Kevin Mullin and Michael Barber
October 25, 2018

Hospital Budgets

- Hospitals initially requested a 2.9% increase in Net Patient Revenue (NPR) from the Board-approved Fiscal Year 2018 base to the hospitals' submitted Fiscal Year 2019 budgets
- After the Board approved adjustments for several hospitals (e.g., adjustments for accounting changes, provider transfers and acquisitions), the submissions reflected a 2.2% increase (approximately \$56.5 million) in NPR
- The Board approved a 2.1% NPR increase for Fiscal Year 2019 over the approved and adjusted Fiscal Year 2018 base (\$52.8 million)
- Hospitals requested an estimated weighted average 3.1% increase in commercial rates, from approved Fiscal Year 2018 to Fiscal Year 2019 budgets. The Board approved a 2.7% estimated weighted average rate increase

Vermont Community Hospital System Approved Rate Increases

The Board's approved estimated weighted average hospital rate increases for the last three years have been the lowest increases in 18 years. Hospital rates have an effect on commercial health insurance rates.



Health Insurance Rate Review (2019 Individual and Small Group Plans)

Blue Cross Blue Shield of Vermont (BCBSVT) requested a 9.6% average annual rate increase, with an effective average increase* of 5.8%

- **Approved Average Annual Rate Increase:** 6.9%, with an effective average increase of 3.2%
- **Estimated Dollars Saved by Vermonters:** \$12.9 million

MVP requested a 10.9% average annual rate increase, with an effective average increase of 6.6%

- **Approved Average Annual Rate Increase:** 6.4%, with an effective average increase of 1.9%
- **Estimated Dollars Saved by Vermonters:** \$6.5 million

Total Estimated Savings = \$19.4 Million

* The “*effective*” rate increases – the actual rate increases that will be experienced by Vermonters – take into account the availability of additional federal subsidy dollars resulting from changes made to Vermont law during the 2018 legislative session.

The Vermont All-Payer ACO Model: Tackling Unsustainable Cost, Improving Quality and Outcomes

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 care across the continuum; focus more on 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 programs across Medicare, Medicaid, and commercial payers. Agreement signed in 2016, enabling Medicare's participation.

All-Payer ACO Model Agreement

What is Vermont responsible for?

Scale and Cost Growth

- State is responsible limiting cost growth
 - All-Payer Growth Target: Compounded annualized growth rate < 3.5%
 - Medicare Growth Target: 0.1-0.2% 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

Population Health and Quality Measures

- State is responsible for performance on **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

Implementation Update: APM Activities in Summer-Fall 2018

ACO Oversight:

- Continued monitoring of OneCare Vermont's 2018 budget and certification
- 2019 ACO Budget review: Guidance issued July 24; budget submission received October 1. GMCB hearing took place October 24.

All-Payer ACO Model Program Development and Implementation:

- Preparing to set financial targets for ACOs participating in the 2019 Vermont Medicare ACO Initiative
- Finalize specifications for total cost of care and other measures described in the All-Payer ACO Model Agreement, in order to support reporting to federal partners
- Work with federal partners on potential agreement changes, including consensus changes to quality measure sets, a plan to tie Medicare financial targets to quality performance, and several operational changes

For more information, see GMCB Report to the Legislature (September 15), available at <https://legislature.vermont.gov/reports-and-research>

Implementation Update:

APM Activities in October-December 2018

ACO Oversight:

- Continued monitoring of OneCare Vermont's 2018 budget and ACO certification
- 2019 ACO Budget review:
 - Staff and Board review of OneCare's 2018 budget currently underway. Budget review will ensure compliance with Act 113 of 2016 and Rule 5.000
 - Budget and staff analysis will be presented to GMCB in November; decision expected in late November or December

All-Payer ACO Model Program Development and Implementation:

- Board to set financial targets for ACOs participating in the Vermont Medicare ACO Initiative in 2019
- Develop and submit first reports due to federal partners under the APM Agreement (Q1 2018 Total Cost of Care Report)
- Prepare for future reporting required under the APM agreement

Spotlight on ACO Provider Network

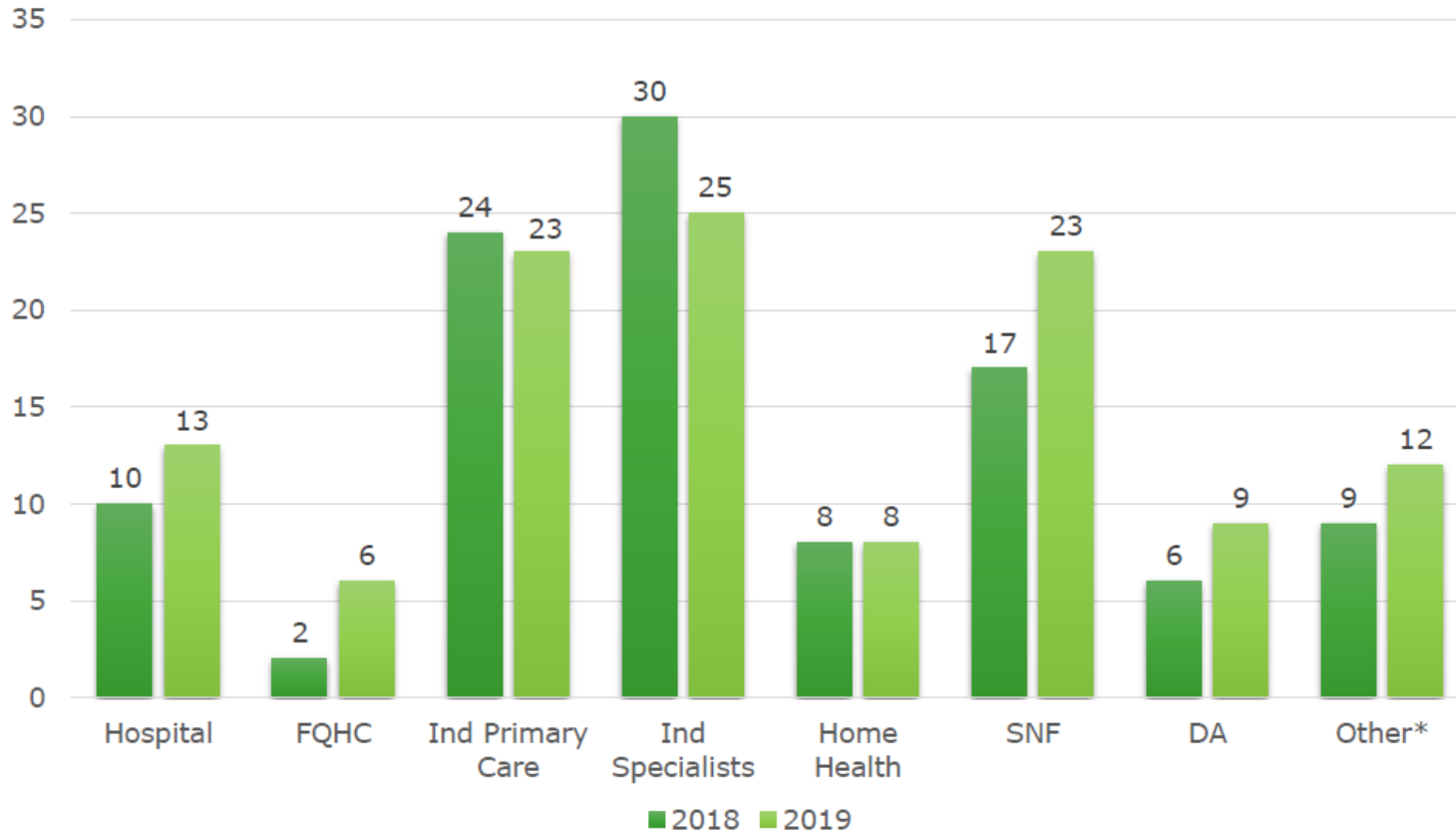
Provider Types in OneCare Vermont Provider Network: Hospitals, primary care providers, specialty providers, DAs and SSAs, home health and hospice providers, area agencies on aging

- *Providers receiving non-fee-for-service payments:* **Hospitals** (all-inclusive population-based payments, or AIPBPs) and **some primary care practices** (primary care capitation payments via a pilot program).
 - Other providers continue to receive fee-for-service payments
- *Providers receiving eligible for additional per-member per-month payments:* **Primary care practices** (PMPMs for care coordination, with additional payments for complex patients), as well as **home health agencies, designated agencies, and Area Agencies on Aging** (PMPM payments for agencies that act as lead care coordinators)

Spotlight on ACO Provider Network

Participating Provider Types

** Graphic from OneCare Vermont hearing presentation to GMCB, 10/24/18*



* Includes Naturopaths, Special Services Agencies, Brattleboro Retreat

Spotlight on ACO Provider Network

2019 OneCare Hospital Participation

* Graphic from OneCare Vermont hearing presentation to GMCB, 10/24/18

#	Health Service Area	Hospital Assigned	Program Participation		
			2017	2018	2019
1	Burlington	UVM Medical Center	VMNG and Shared Savings	All Risk Programs	All Risk Programs
2	Berlin	Central Vermont Medical Center	VMNG and Shared Savings	All Risk Programs	All Risk Programs
3	Middlebury	Porter Medical Center	VMNG and Shared Savings	All Risk Programs	All Risk Programs
4	St. Albans	Northwestern Medical Center	VMNG and Shared Savings	All Risk Programs	All Risk Programs
5	Brattleboro	Brattleboro Memorial Hospital	Shared Savings Only	All Risk Programs	All Risk Programs
6	Springfield	Springfield Hospital	No Participation	All Risk Programs	All Risk Programs
7	Lebanon	Dartmouth Hospital and Clinic	Shared Savings Only	VMNG and BCBSVT	VMNG and BCBSVT
8	Bennington	Southwestern VT Medical Center	Shared Savings Only	VMNG Only	All Risk Programs
9	Windsor	Mt Ascutney Hospital	Shared Savings Only	VMNG Only	All Risk Programs
10	Newport	North Country Hospital	Shared Savings Only	VMNG Only	VMNG Only
11	Rutland	Rutland Regional	BCBSVT Shared Savings Only	No Participation	VMNG Only
12	St. Johnsbury	Northeastern Regional Hospital	No Participation	No Participation	VMNG Only
13	Randolph	Gifford Medical Center	No Participation	No Participation	VMNG Only
14	Morrisville	Copley Hospital	Shared Savings Only	No Participation	No Participation
15	Townshend	Grace Cottage	No Participation	No Participation	No Participation

VMNG: Vermont Medicaid Next Generation Programs Shared Savings: Medicare and BCBSVT Shared Savings

BCBSVT: Blue Cross Blue Shield of Vermont All Risk Programs: Medicare, Medicaid and BCBSVT

OneCareVT.org

Updated 9/26/18 1

APM Performance Results

Total Cost of Care

Total Cost of Care: Results not yet available; claims submission and analysis require 9+ months after date of care.

- Q1 2018 Total Cost of Care results will be available in early 2019; full Performance Year (PY) 1 TCOC will be available in Q3 of PY2 (2019).

YEAR 1				YEAR 2			
Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Q1 2018 claims incurred	Q1 2018 claims paid	Q1 2018 received in VHCURES	Q1 2018 Report to CMMI				
	Q2 2018 claims incurred	Q2 2018 claims paid	Q2 2018 received in VHCURES	Q1-Q2 2018 Report to CMMI			
		Q3 2018 claims incurred	Q3 2018 claims paid	Q3 2018 received in VHCURES	Q1-Q3 2018 Report to CMMI		
			Q4 2018 claims incurred	Q4 2018 claims paid	Q4 2018 received in VHCURES	2018 Annual Report to CMMI	

APM Performance Results

ACO Scale Targets

ACO Scale Targets: Preliminary data indicate that Vermont did not meet ACO Scale Targets in Performance Year 1.

- However, the Scale Targets anticipate continued increases over the life of the program, with a more significant growth trajectory after PY1. OneCare Vermont 2019 Budget anticipates significant growth in PY2
- Scale targets are ambitious, designed with merged ACO (Vermont Care Organization) in mind.

		PY1 (2018)	PY2 (2019)	PY3 (2020)	PY4 (2021)	PY5 (2022)
Vermont All-Payer Scale Target Beneficiaries	Target	36%	50%	58%	62%	70%
	Actual	20%				
Vermont Medicare Beneficiaries	Target	60%	75%	79%	83%	90%
	Actual	35%				

APM Performance Results

Health Care Quality and Outcomes

Health Care Quality and Outcome Targets: Results not yet available. Measures rely on full-year claims and clinical data, and will not be available until Q3 of PY2 (2019).

YEAR 1				YEAR 2			
Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Performance Period – Claims Incurred				Y1 Claims Received in VHCURES; Data Analysis		Y1 Report to CMMI	