

# Accountable Care Organizations – Prospective Payments

Steven M. Costantino

Commissioner, Department of Vermont Health Access

Health Reform Oversight Committee

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# Vermont Medicaid Programs for ACOs

- Since 2014, DVHA has operated the *Vermont Medicaid Shared Savings Program*
  - Participating ACOs can earn “shared savings” incentive payments if Medicaid spending is less than expected for their attributed Medicaid members (and if they meet quality targets)
  - Example:

<b>A</b>	Total Expected ACO Expenditure	<b>\$50,000,000</b>
<b>B</b>	Total Actual ACO Expenditure	<b>\$47,000,000</b>
<b>C</b>	Total Savings = Difference between Expected and Actual Expenditure <b>(A-B)</b>	<b>\$3,000,000</b>
<b>D</b>	ACO Shared Savings Incentive Payment <b>(C/2)</b>	<b>\$1,500,000</b>

- In 2016, DVHA issued an RFP for a new ACO program (based on Medicare’s “Next Generation” ACO Program)
  - Participating ACOs receive All-Inclusive Population-Based Payments from Medicaid, and they use this money to pay providers for services that attributed Medicaid members need
  - Increases provider flexibility, and incentivizes paying for value instead of volume of service

# Evolving the Shared Savings Model

Program Area	Shared Savings Program (2014-2016)	ACO RFP (2017 – 2019+)
Covered Services	Medicare Parts A & B-like ( <i>see next slide</i> )	Medicare Parts A & B-like ( <i>see next slide</i> )
Beneficiary Attribution	Retrospective (set at the end of a program year)	Prospective (set at the beginning of a program year)
ACO Risk	No Risk	Full Risk
<b>ACO</b> Payment Mechanism	ACO has opportunity to receive a portion of costs avoided as a shared savings incentive payment	Medicaid pays the ACO prospective all-inclusive population-based payments
<b>Provider</b> Payment Mechanism	Medicaid pays providers fee-for-service; ACO distributes any shared savings incentive payments across providers	ACO pays providers according to contractual arrangements (still TBD)
Impact of ACO Quality Performance	ACO must meet minimum quality performance target in order to be eligible for shared savings incentive payments	Performance tied to all-inclusive population-based payment—percentage will be withheld and paid at end of period based on ACO performance
Administrative Functions	Medicaid performs <u>all</u> functions (e.g. care management, utilization management, eligibility and enrollment, claims processing, program integrity, etc.)	Medicaid delegates some functions to the ACO (e.g. care management, claims processing, etc.)

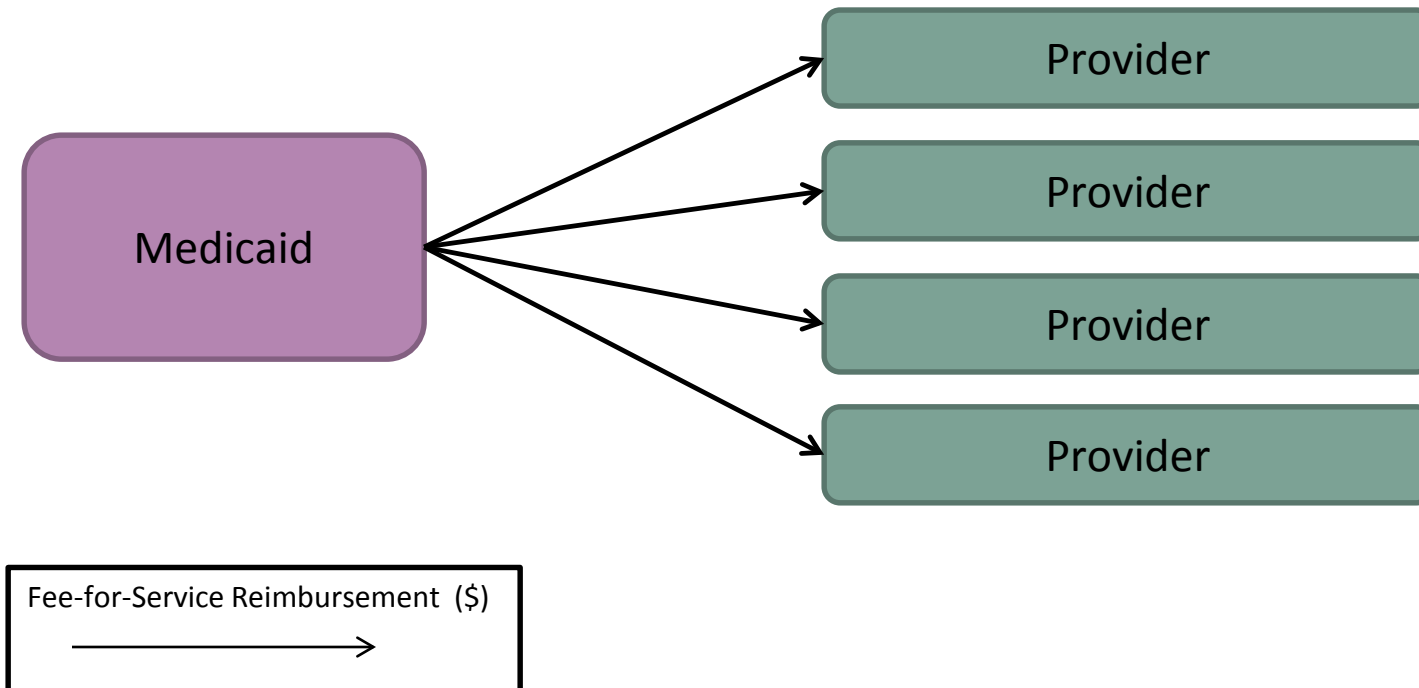
# Services for which ACO is Accountable

- Inpatient hospital services
- Outpatient hospital services
- Physician services, primary care and specialty
- Nurse practitioner services
- Ambulatory surgical center services
- Federally Qualified Health Center and Rural Health Clinic services
- Home health services
- Hospice services
- Physical, occupational and speech therapy services
- Chiropractor services
- Audiology services
- Podiatrist services
- Optometrist and optician services
- Independent laboratory services
- Mental health and substance abuse services funded by DVHA and not funded by other State Departments (*some exclusions apply*)
- Ambulance transport – emergent/non-emergent
- Durable medical equipment, prosthetics and orthotics (*eyewear excluded*)
- Medical supplies
- Dialysis facility services
- Preventive services

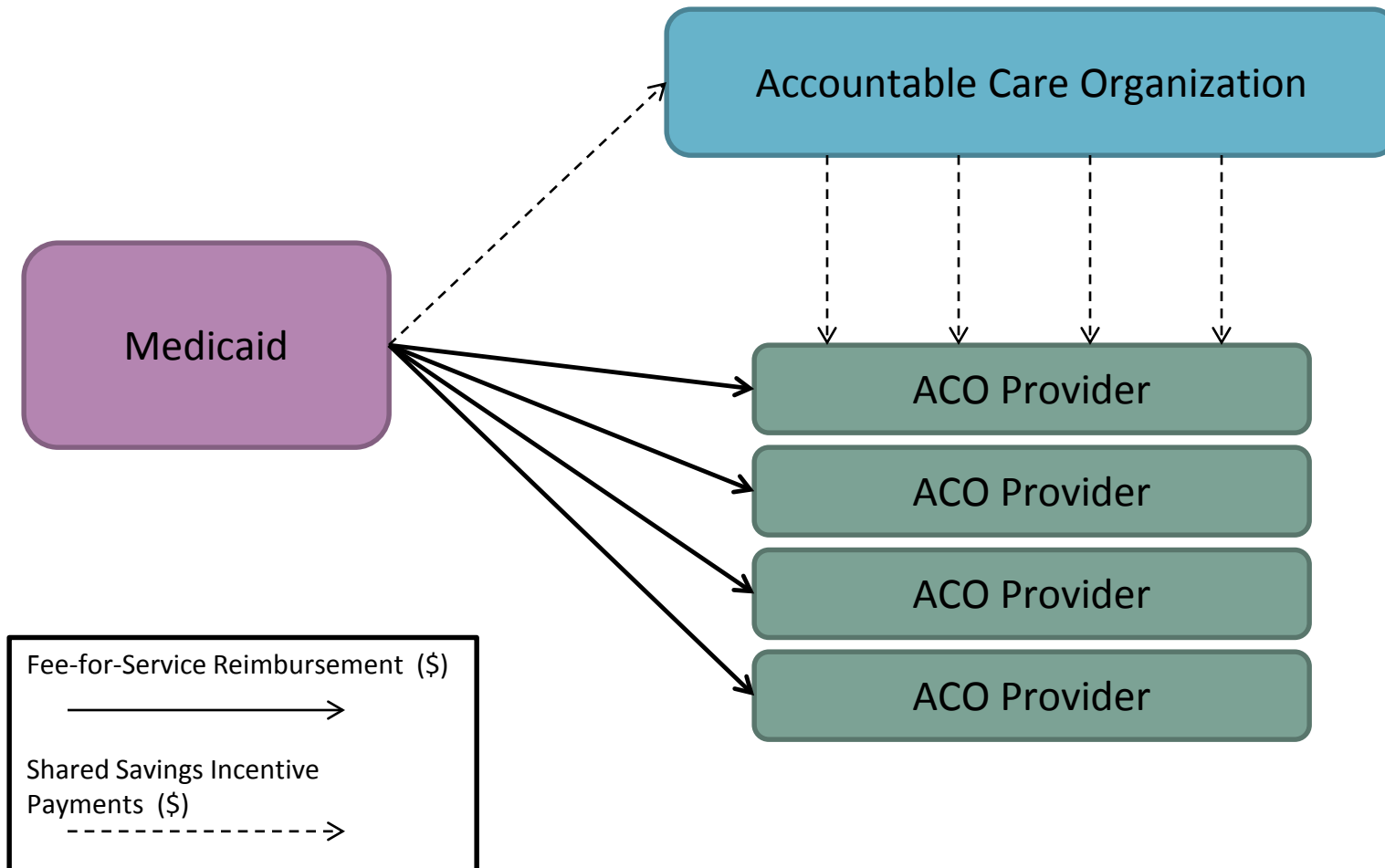
# Services for which ACO is not Accountable

- Pharmacy
- Nursing facility care
- Dental services
- Non-emergency transportation (*ambulance transportation is not part of this category*)
- Psychiatric treatment in a state psychiatric hospital
- Level 1 (involuntary placement) inpatient psychiatric stays in any hospital
- Smoking cessation services

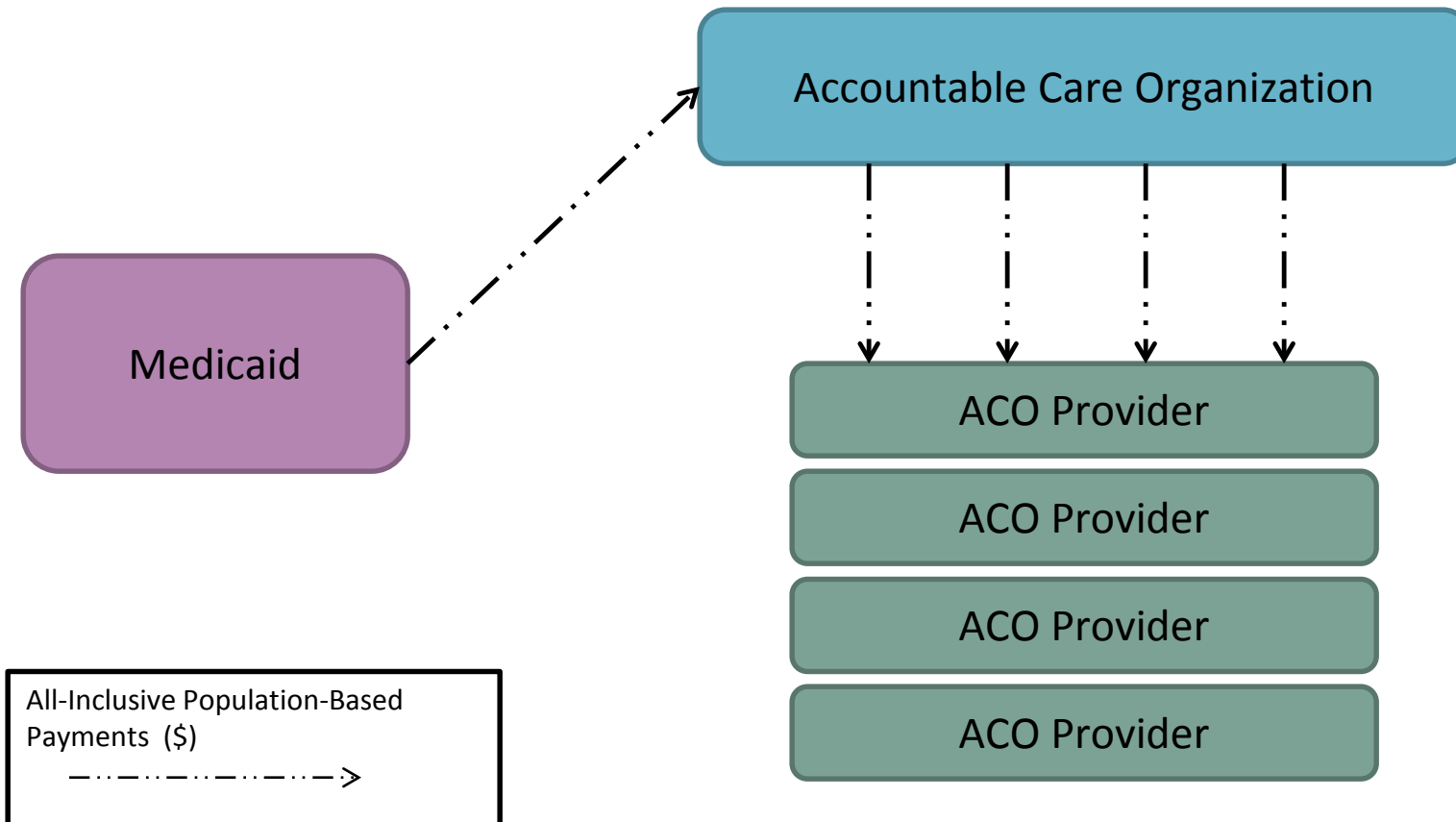
# Fee-for-Service (FFS) Medicaid Reimbursement



# Medicaid ACO Shared Savings Program



# Medicaid ACO “Next Generation” Program





# Fee-for-Service (FFS) Medicaid Payment will Continue

- For any providers not participating in an ACO
- For any services not covered by ACOs (*see slide 4*)
- For any Medicaid members not attributed to an ACO
  - Members with additional sources of insurance coverage (e.g. Medicare, commercial)
  - Members with limited benefits packages (e.g. pharmacy-only benefits)
  - Members not enrolled with Medicaid at the start of the program year