

Update - Accountable Care Organizations – DVHA Request for Proposals

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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:

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

- 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
ACO 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
Provider 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.)

DVHA-ACO Contract Status



- DVHA is actively in negotiations with the apparently successful bidder, One Care Vermont.
- Because these are active negotiations, we are not legally at liberty to share more content on the discussions. This legal prohibition is intended to protect the State.

Medicaid ACO Contract and All Payer Model

- Medicaid payment reform should proceed with our without an All Payer Model agreement and is not contingent on an All Payer Model Agreement.
- The APM is intended to maximize alignment between Medicare, Medicaid, and commercial payers to the extent permitted under federal law and waivers from federal law.
- Act 113 of 2016 sets up a process for ACO regulation through the Green Mountain Care Board.