

# Vermont's All-Payer Accountable Care Organization Model: An Overview

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# Focus for Today

What problems are we facing as a state?

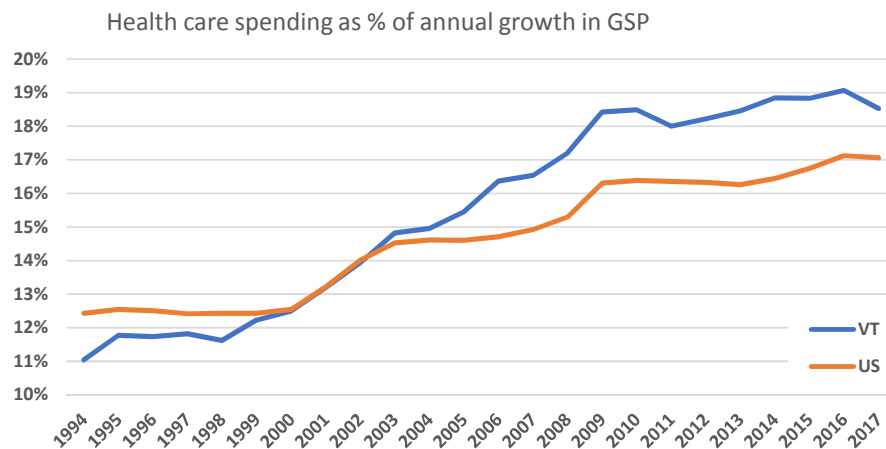
Vermont's All Payer Model: Overview

Progress to Date

# Problem: Cost Growth is Unsustainable, and Health Outcomes Must Improve

## Cost Growth

- In 2017, the most recent year of data available, health care spending in Vermont grew 1.7%.
- Vermont's health care share of state gross product devoted to health care spending was 18.5% in 2017, vs. 11.8% in 1995.



Source: 2017 Vermont Health Care Expenditure Analysis, available at <https://gmcboard.vermont.gov/data-and-analytics/analytcs-rpts>.

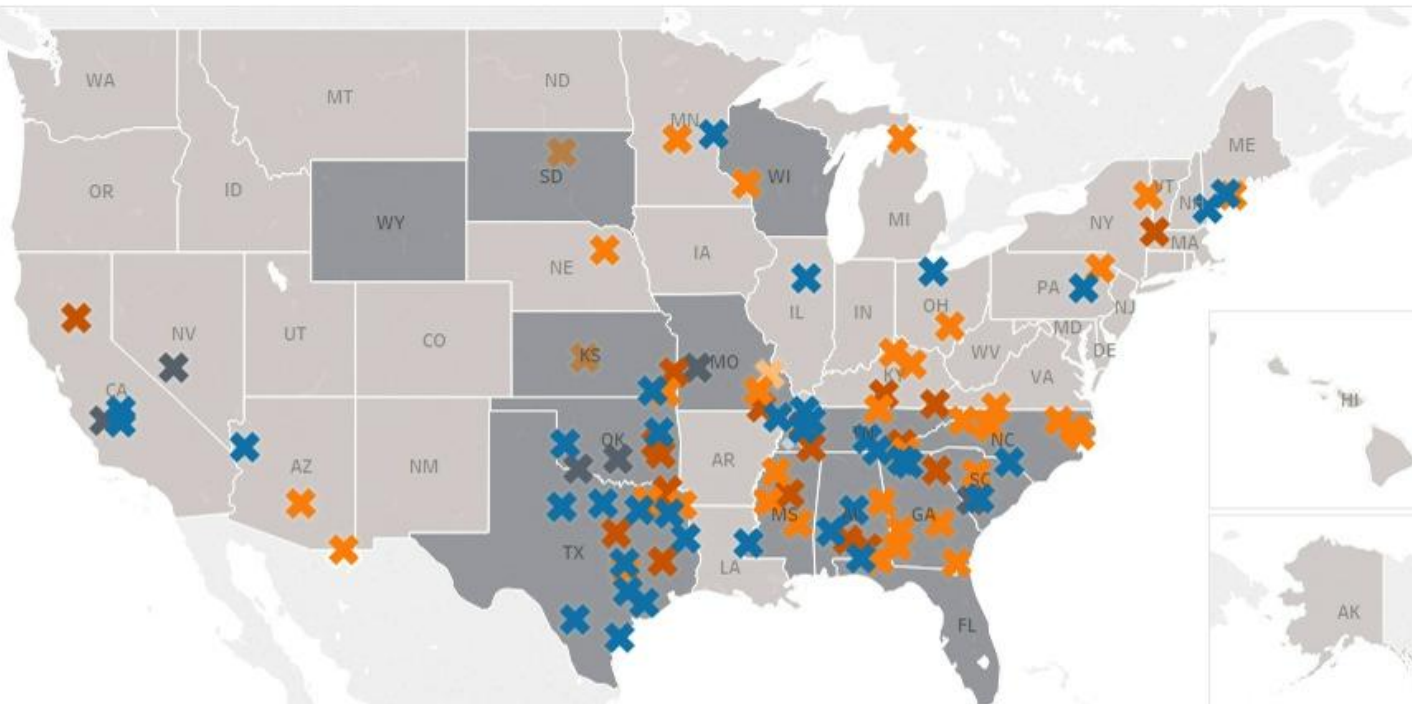
## Health Outcomes

- Chronic diseases are the most common cause of death in Vermont.  
In 2014, **78% of Vermont deaths** were caused by chronic diseases
- Medical costs related to chronic disease were over **\$2 billion in 2015**, and are expected to rise to nearly \$3 billion by 2020.
- Vermont's **death rates from suicide and drug overdose** are higher than the national average.

Sources: Vermont Dept. of Health, Kaiser Family Foundation

# 101 Closed Rural Hospitals

There have been 101 Rural Hospital closures since 2010 and 143 since 2005. These counts do not include those that have closed and re-opened.



**Medicare Payment Type**

- Prospective Payment System
- Critical Access Hospital
- Medicare Dependent Hospital
- Sole Community Hospital
- Re-based Sole Community Hospital
- Disproportionate Share Hospital
- Rural Referral Center

**Current Status of Medicaid Expansion Decision**

- Adopted the Medicaid Expansion
- Not Adopting the Medicaid Expansion at this Time



# Vermont's All-Payer Model

# Vermont's Solution: The Vermont All-Payer Accountable Care Organization (ACO) Model Moves Away From Fee-for-Service Reimbursement for Accountable Care Organizations



## Test Payment Changes

Population-Based Payments  
Tied to Quality and Outcomes  
Increased Investment in  
Primary Care and Prevention

## Transform Care Delivery

Invest in Care Coordination  
Incorporation of Social  
Determinants of Health  
Improve Quality

## Improve Outcomes

Improved access to primary  
care  
Fewer deaths due to suicide  
and drug overdose  
Reduced prevalence and  
morbidity of chronic disease

# Vermont's Responsibilities under the All-Payer ACO Model Agreement

Cost Growth and Population Health/Quality	Alignment and Scale
<ul style="list-style-type: none"><li>• Limit spending growth on certain services<ul style="list-style-type: none"><li>➤ Separate targets for Medicare and “all-payer” beneficiaries (most Vermonters)</li></ul></li><li>• Meet targets for 20 quality measures, including three population health goals<ul style="list-style-type: none"><li>➤ Improving access to primary care</li><li>➤ Reducing deaths due to suicide and drug overdose</li><li>➤ Reducing the prevalence and morbidity of chronic disease</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Ensure payer-ACO programs align in key areas, including<ul style="list-style-type: none"><li>➤ attribution methodologies</li><li>➤ services</li><li>➤ quality measures</li><li>➤ payment mechanisms</li><li>➤ risk arrangements</li></ul></li><li>• Steadily increase scale (the number of people in the model) over the five years of the Agreement</li></ul>

# GMCB Regulatory Responsibilities: All-Payer ACO Model and ACO Oversight

**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*

Medicare ACO Program Design and Rate Setting (APM Agreement)

ACO Certification (Act 113 of 2016)

ACO Budget Review (Act 113 of 2016)

Hospital Budget Review

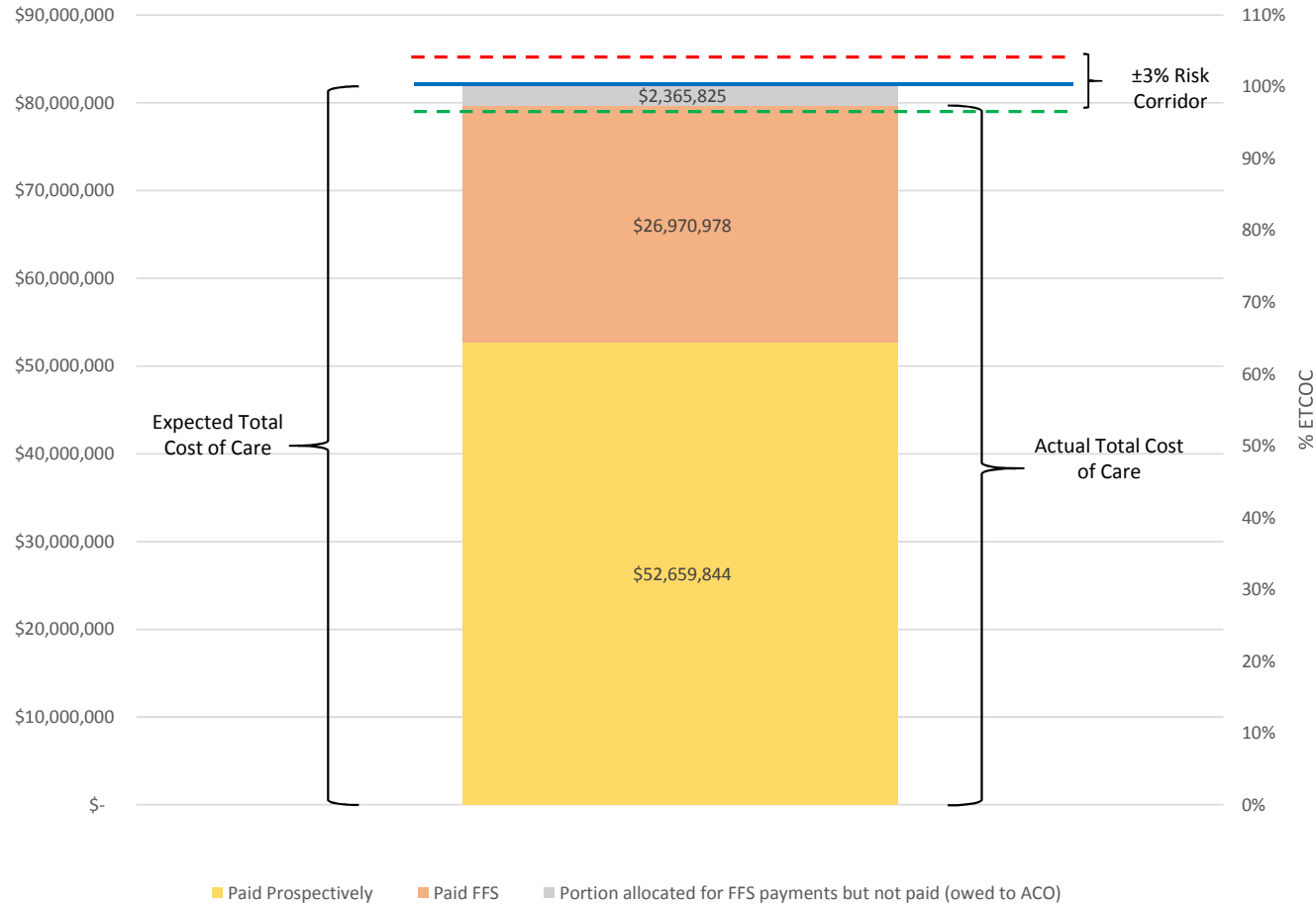
Health Insurance Rate Review

Certificate of Need



# Progress To Date

# VMNG 2017 Expected and Actual Total Cost of Care



# Scale Overview – Provider Network

- Program
- All Programs
  - Medicaid
  - Medicaid and BCBSVT
  - Not Participating

