

## Timeline and Process for Calculation of Commercial ACO Financial Performance and Payment

Revised April 30, 2014

Date	Action	Responsible Party	Details
July 31, 2014	Determine the <u>expected</u> PMPM medical expense for the ACO population on an insurer-by-insurer basis. This is called the “insurer-specific expected spending” for Year 1	GMCB analytics contractor	The GMCB’s analytics contractor must provide the amount of “insurer-specific expected spending” for each ACO agreement to the relevant ACO, payer and the GMCB. The analytics contractor must provide documentation demonstrating the calculations used to arrive at the amount of expected spending.
July 31, 2014	Determine the <u>targeted</u> PMPM medical expense spending for the ACO’s patient population based on expected cost growth limiting actions to be taken by the ACO for Year 1	GMCB analytics contractor	Targeted spending is the PMPM spending that approximates a reduction in PMPM spending that would not have otherwise occurred absent actions taken by the ACO. Targeted spending is calculated by multiplying PMPM spending by the <b>target rate</b> . The target rate(s) for Years 1 and 2 for the aggregate Exchange market shall be the expected rate minus the CMS Minimum Savings Rate for a Medicare ACO for the specific performance year, with consideration of the size of the ACO’s Exchange population.
August 15, 2014	The GMCB approves the target rate for Year 1	GMCB	The GMCB will review the targeted spending calculations and notify the relevant payers and providers of the approved rate.

Date	Action	Responsible Party	Details
August 31, 2014	Determine the <u>expected</u> PMPM medical expense spending for the ACO's total patient population absent any actions taken by the ACO for Year 1	GMCB analytics contractor	<p>The medical expense portion of the GMCB-approved Exchange premium for each Exchange-offered product, adjusted from allowed to paid amounts, adjusted for excluded services (see below), high-cost outliers<sup>1</sup>, and risk-adjusted for the ACO-attributed population, and then calculated as a weighted average PMPM amount across all commercial products with weighting based on ACO attribution by product, shall represent the expected PMPM medical expense spending ("expected spending") for Years 1 and 2.</p> <ol style="list-style-type: none"> <li>1. The ACO-responsible services used to define expected spending shall include all covered services except for: <ol style="list-style-type: none"> <li>a. services that are carved out of the contract by self-insured employer customers</li> <li>b. prescription (retail) medications (excluded in the context of shared savings in Years 1 and 2, with potential inclusion in the context of shared (upside and downside) risk in Year 3 following SIM Payment Models Work Group discussion, and</li> <li>c. dental benefits<sup>2</sup></li> </ol> </li> </ol>
November 30, 2014	Determine the <u>expected</u> PMPM medical expense for the ACO population on an insurer-by-insurer basis. This is called the "insurer-specific expected spending" for Year 2	GMCB analytics contractor	The GMCB's analytics contractor must provide the amount of "insurer-specific expected spending" for each ACO agreement to the relevant ACO, payer and the GMCB. The analytics contractor must provide documentation demonstrating the calculations used to arrive at the amount of expected spending.

<sup>1</sup> The calculation shall exclude the projected value of Allowed claims per claimant in excess of \$125,000 per performance year.

<sup>2</sup> The exclusion of dental services will be re-evaluated after the Exchange becomes operational and pediatric dental services become a mandated benefit.

Date	Action	Responsible Party	Details
November 30, 2014	Determine the <u>expected</u> PMPM medical expense spending for the ACO's total patient population absent any actions taken by the ACO for Year 2	GMCB analytics contractor	<p><u>Years 1 and 2:</u> The medical expense portion of the GMCB-approved Exchange premium for each Exchange-offered product, adjusted from allowed to paid amounts, adjusted for excluded services (see below), high-cost outliers<sup>3</sup>, and risk-adjusted for the ACO-attributed population, and then calculated as a weighted average PMPM amount across all commercial products with weighting based on ACO attribution by product, shall represent the expected PMPM medical expense spending ("expected spending") for Years 1 and 2.</p> <p>1. The ACO-responsible services used to define expected spending shall include all covered services except for:</p> <ul style="list-style-type: none"> <li>a. services that are carved out of the contract by self-insured employer customers</li> <li>b. prescription (retail) medications (excluded in the context of shared savings in Years 1 and 2, with potential inclusion in the context of shared (upside and downside) risk in Year 3 following SIM Payment Models Work Group discussion, and</li> <li>c. dental benefits<sup>4</sup>.</li> </ul>
November 30, 2014	Determine the <u>targeted</u> PMPM medical expense spending for the ACO's patient population based on expected cost growth limiting actions to be taken by the ACO for Year 2	GMCB analytics contractor	Targeted spending is the PMPM spending that approximates a reduction in PMPM spending that would not have otherwise occurred absent actions taken by the ACO. Targeted spending is calculated by multiplying PMPM spending by the <b>target rate</b> . The target rate(s) for Years 1 and 2 for the aggregate Exchange market shall be the expected rate minus the CMS Minimum Savings Rate for a Medicare ACO for the specific performance year, with consideration of the size of the ACO's Exchange population.
December 15, 2014	The GMCB approves the target rate for Year 2	GMCB	The GMCB will review the targeted spending calculations and notify the relevant payers and providers of the approved rate.

<sup>3</sup> The calculation shall exclude the projected value of Allowed claims per claimant in excess of \$125,000 per performance year.

<sup>4</sup> The exclusion of dental services will be re-evaluated after the Exchange becomes operational and pediatric dental services become a mandated benefit.

Date	Action	Responsible Party	Details
April 30, 2015	Calculate an interim assessment of performance year medical expense relative to expected and targeted medical spending	GMCB analytics contractor	The GMCB's analytics contractor will calculate an interim assessment of performance year medical expense relative to expected and targeted medical spending for each ACO/insurer dyad and inform the insurers and ACOs of the results, providing supporting documentation when doing so.
May 15, 2015	If the savings generated exceed the insurer-specific targeted spending, and the preliminary assessment of the ACO's performance on the required measures is sufficiently strong, then within two weeks of the notification, the insurers will offer the ACO the opportunity to receive an interim payment, not to exceed 75% of the total payment for which the ACO is eligible.	Insurer	If the savings generated exceed the insurer-specific targeted spending, and the preliminary assessment of the ACO's performance on the required measures is sufficiently strong, then the insurers will offer the ACO the opportunity to receive an interim payment, not to exceed 75% of the total payment for which the ACO is eligible. The insurers must notify the GMCB that they have offered the ACOs this opportunity.
August 31, 2015	Determine actual spending and whether the ACO has generated savings for Year 1.	GMCB analytics contractor	The GMCB's analytics contractor must provide the amount of "actual medical expense spending" for each ACO agreement to the relevant ACO, payer and the GMCB. The analytics contractor must provide documentation demonstrating the calculations used to arrive at the amount of actual medical expense spending.

Date	Action	Responsible Party	Details
August 31, 2015	Compare the actual spending for each ACO to its expected spending.	GMCB analytics contractor	<p>The GMCB’s analytics contractor will a conduct the aggregate assessment:</p> <ol style="list-style-type: none"> <li>a. If the ACO’s actual aggregate spending is greater than the expected spending, then the ACO will be ineligible to receive shared savings payments from any insurer.</li> <li>b. If the ACO’s actual aggregate spending is less than the expected spending, then it will be said to have “generated savings” and the ACO will be eligible to receive shared savings payments from one or more of the pilot participant insurers.</li> <li>c. If the ACO’s actual aggregate spending is less than the expected spending, then the ACO will not be responsible for covering any of the excess spending for any insurer.</li> </ol> <p>Once the GMCB determines that the ACO has generated aggregate savings across insurers, the GMCB will also calculate the actual spending for the ACO population on an insurer-by-insurer basis. This is called the “insurer-specific actual spending.” The GMCB shall use this insurer-specific actual spending amount to assess savings at the individual insurer level.</p> <p>Once the insurer-specific savings have been calculated, an ACO’s share of savings will be determined in two phases. This step defines the ACO’s eligible share of savings based on the degree to which actual PMPM spending falls below expected PMPM spending. The share of savings earned by the ACO based on the methodology above will be subject to qualification and modification by the application of quality performance scores as defined in Step</p> <p>In Years 1 and 2 of the pilot:</p> <ol style="list-style-type: none"> <li>a. If the insurer-specific actual spending for the ACO population is between the insurer-specific expected spending and the insurer-specific targeted spending, the ACO will share 25% of the insurer-specific savings.</li> <li>b. If the insurer-specific actual spending is below the insurer-specific targeted spending, the ACO will share 60% of the insurer-specific savings (The cumulative insurer-specific savings would therefore be calculated as 60% of the difference between actual spending and targeted spending plus 25% of the difference between expected spending and targeted spending).</li> <li>c. An insurer’s savings distribution to the ACO will be capped at 10% of the ACO’s</li> </ol>

			insurer-specific expected spending and not greater than insurer premium approved by the Green Mountain Care Board.
<b>Date</b>	<b>Action</b>	<b>Responsible Party</b>	<b>Details</b>
August 31, 2015	Assess ACO quality performance to inform savings distribution	GMCB analytics contractor	The second phase of determining an ACO's savings distribution involves assessing quality performance. The distribution of eligible savings will be contingent on demonstration that the ACO's quality meets a minimum qualifying threshold or "gate." Should the ACO's quality performance pass through the gate, the size of the distribution will vary and be linked to the ACO's performance on specific quality measures. Higher quality performance will yield a larger share of savings up to the maximum distribution as described above.
August 31, 2015	Notify each ACO and insurer dyad of results of the aggregate and insurer specific assessments and any adjustments for quality.	GMCB	The GMCB will notify each ACO and insurer dyad of results of this aggregate and insurer specific assessments after the completion of the GMCB's analytics contractor's analysis.
September 15, 2015	Savings distributed to contracted ACOs for Year 1	Insurers	The insurers will then make any required savings distributions to contracted ACOs within two weeks of notification by the GMCB. Under no circumstances shall the amount of a shared savings payment distribution to an ACO jeopardize the insurer's ability to meet federal Medical Loss Ratio (MLR) requirements. The amount of the shared savings distribution shall be capped at the point that the MLR limit is reached.
November 30, 2015	Determine the <u>expected</u> PMPM medical expense for the ACO population on an insurer-by-insurer basis. This is called the "insurer-specific expected spending" for Year 3	GMCB analytics contractor	The GMCB's analytics contractor must provide the amount of "insurer-specific expected spending" for each ACO agreement to the relevant ACO, payer and the GMCB. The analytics contractor must provide documentation demonstrating the calculations used to arrive at the amount of expected spending.

Date	Action	Responsible Party	Details
November 30, 2015	Determine the <u>expected</u> PMPM medical expense spending for the ACO's total patient population absent any actions taken by the ACO for Year 3	GMCB analytics contractor	The Year 3 expected spending shall be calculated using an alternative methodology to be developed through the Payment Models Work Group and recommended to the GMCB Board for approval
November 30, 2015	Determine the <u>targeted</u> PMPM medical expense spending for the ACO's patient population based on expected cost growth limiting actions to be taken by the ACO for Year 3	GMCB analytics contractor	Targeted spending is the PMPM spending that approximates a reduction in PMPM spending that would not have otherwise occurred absent actions taken by the ACO. Targeted spending is calculated by multiplying PMPM spending by the <b>target rate</b> . The target rate(s) for Years 1 and 2 for the aggregate Exchange market shall be the expected rate minus the CMS Minimum Savings Rate for a Medicare ACO for the specific performance year, with consideration of the size of the ACO's Exchange population.
December 15, 2015	The GMCB approves the target rate for Year 3	GMCB	The GMCB will review the targeted spending calculations and notify the relevant payers and providers of the approved rate.
April 30, 2016	Calculate an interim assessment of performance year medical expense relative to expected and targeted medical spending	GMCB analytics contractor	The GMCB's analytics contractor will calculate an interim assessment of performance year medical expense relative to expected and targeted medical spending for each ACO/insurer dyad and inform the insurers and ACOs of the results, providing supporting documentation when doing so.
May 15, 2016	If the savings generated exceed the insurer-specific targeted spending, and the preliminary assessment of the ACO's performance on the required measures is sufficiently strong, then within two weeks of the notification, the insurers will offer the ACO the opportunity to receive an interim payment, not to exceed 75% of the total payment for which the ACO is eligible.	Insurer	If the savings generated exceed the insurer-specific targeted spending, and the preliminary assessment of the ACO's performance on the required measures is sufficiently strong, then the insurers will offer the ACO the opportunity to receive an interim payment, not to exceed 75% of the total payment for which the ACO is eligible. The insurers must notify the GMCB that they have offered the ACOs this opportunity.

Date	Action	Responsible Party	Details
August 31, 2016	Determine actual spending and whether the ACO has generated savings for Year 2	GMCB analytics contractor	The GMCB's analytics contractor must provide the amount of "actual medical expense spending" for each ACO agreement to the relevant ACO, payer and the GMCB. The analytics contractor must provide documentation demonstrating the calculations used to arrive at the amount of actual medical expense spending.
August 31, 2016	Compare the actual spending for each ACO to its expected spending for Year 2.	GMCB analytics contractor	<p>The GMCB's analytics contractor will a conduct the aggregate assessment:</p> <ol style="list-style-type: none"> <li>a. If the ACO's actual aggregate spending is greater than the expected spending, then the ACO will be ineligible to receive shared savings payments from any insurer.</li> <li>b. If the ACO's actual aggregate spending is less than the expected spending, then it will be said to have "generated savings" and the ACO will be eligible to receive shared savings payments from one or more of the pilot participant insurers.</li> <li>c. If the ACO's actual aggregate spending is less than the expected spending, then the ACO will not be responsible for covering any of the excess spending for any insurer.</li> </ol> <p>Once the GMCB determines that the ACO has generated aggregate savings across insurers, the GMCB will also calculate the actual spending for the ACO population on an insurer-by-insurer basis. This is called the "insurer-specific actual spending." The GMCB shall use this insurer-specific actual spending amount to assess savings at the individual insurer level.</p> <p>Once the insurer-specific savings have been calculated, an ACO's share of savings will be determined in two phases. This step defines the ACO's eligible share of savings based on the degree to which actual PMPM spending falls below expected PMPM spending. The share of savings earned by the ACO based on the methodology above will be subject to qualification and modification by the application of quality performance scores as defined in Step</p> <p>In Years 1 and 2 of the pilot:</p>



			<p>a. If the insurer-specific actual spending for the ACO population is between the insurer-specific expected spending and the insurer-specific targeted spending, the ACO will share 25% of the insurer-specific savings.</p> <p>b. If the insurer-specific actual spending is below the insurer-specific targeted spending, the ACO will share 60% of the insurer-specific savings (The cumulative insurer-specific savings would therefore be calculated as 60% of the difference between actual spending and targeted spending plus 25% of the difference between expected spending and targeted spending).</p> <p>c. An insurer's savings distribution to the ACO will be capped at 10% of the ACO's insurer-specific expected spending and not greater than insurer premium approved by the Green Mountain Care Board.</p>
<b>Date</b>	<b>Action</b>	<b>Responsible Party</b>	<b>Details</b>
August 31, 2016	Assess ACO quality performance to inform savings distribution	GMCB analytics contractor	The second phase of determining an ACO's savings distribution involves assessing quality performance. The distribution of eligible savings will be contingent on demonstration that the ACO's quality meets a minimum qualifying threshold or "gate." Should the ACO's quality performance pass through the gate, the size of the distribution will vary and be linked to the ACO's performance on specific quality measures. Higher quality performance will yield a larger share of savings up to the maximum distribution as described above.
August 31, 2016	Notify each ACO and insurer dyad of results of this aggregate and insurer specific assessments and any adjustments for quality.	GMCB	The GMCB will notify each ACO and insurer dyad of results of the aggregate and insurer specific assessments after the completion of the GMCB's analytics contractor's analysis.
September 15, 2016	Savings distributed to contracted ACOs for Year 2	Insurers	The insurers will then make any required savings distributions to contracted ACOs within two weeks of notification by the GMCB. Under no circumstances shall the amount of a shared savings payment distribution to an ACO jeopardize the insurer's ability to meet federal Medical Loss Ratio (MLR) requirements. The amount of the shared savings distribution shall be capped at the point that the MLR limit is

			reached.
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Date	Action	Responsible Party	Details
April 30, 2017	Calculate an interim assessment of performance year medical expense relative to expected and targeted medical spending	GMCB analytics contractor	The GMCB's analytics contractor will calculate an interim assessment of performance year medical expense relative to expected and targeted medical spending for each ACO/insurer dyad and inform the insurers and ACOs of the results, providing supporting documentation when doing so.
May 15, 2017	If the savings generated exceed the insurer-specific targeted spending, and the preliminary assessment of the ACO's performance on the required measures is sufficiently strong, then within two weeks of the notification, the insurers will offer the ACO the opportunity to receive an interim payment, not to exceed 75% of the total payment for which the ACO is eligible.	Insurer	If the savings generated exceed the insurer-specific targeted spending, and the preliminary assessment of the ACO's performance on the required measures is sufficiently strong, then the insurers will offer the ACO the opportunity to receive an interim payment, not to exceed 75% of the total payment for which the ACO is eligible. The insurers must notify the GMCB that they have offered the ACOs this opportunity.
August 31, 2017	Determine actual spending and whether the ACO has generated savings for Year 3	GMCB analytics contractor	The GMCB's analytics contractor must provide the amount of "actual medical expense spending" for each ACO agreement to the relevant ACO, payer and the GMCB. The analytics contractor must provide documentation demonstrating the calculations used to arrive at the amount of actual medical expense spending.
August 31, 2017	Compare the actual spending for each ACO to its expected spending.	GMCB analytics contractor	The GMCB's analytics contractor will a conduct the aggregate assessment: a. If the ACO's actual aggregate spending is greater than the expected spending, then the ACO will be ineligible to receive shared savings payments from any insurer. b. If the ACO's actual aggregate spending is less than the expected spending, then it will be said to have "generated savings" and the ACO will be eligible to receive shared savings payments from one or more of the pilot participant insurers. c. If the ACO's actual aggregate spending is less than the expected spending,

			then the ACO will not be responsible for covering any of the excess spending for any insurer.
<b>Date</b>	<b>Action</b>	<b>Responsible Party</b>	<b>Details</b>
August 31, 2017	Assess ACO quality performance to inform savings distribution	GMCB analytics contractor	The second phase of determining an ACO's savings distribution involves assessing quality performance. The distribution of eligible savings will be contingent on demonstration that the ACO's quality meets a minimum qualifying threshold or "gate." Should the ACO's quality performance pass through the gate, the size of the distribution will vary and be linked to the ACO's performance on specific quality measures. Higher quality performance will yield a larger share of savings up to the maximum distribution as described above.
August 31, 2017	Notify each ACO and insurer dyad of results of the aggregate and insurer specific assessments and any adjustments for quality.	GMCB	The GMCB will notify each ACO and insurer dyad of results of this aggregate assessment after the completion of the GMCB's analytics contractor's analysis.
September 15, 2017	Savings distributed to contracted ACOs for Year 3	Insurers	The insurers will then make any required savings distributions to contracted ACOs within two weeks of notification by the GMCB. Under no circumstances shall the amount of a shared savings payment distribution to an ACO jeopardize the insurer's ability to meet federal Medical Loss Ratio (MLR) requirements. The amount of the shared savings distribution shall be capped at the point that the MLR limit is reached.