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Vermont State Innovation Models (SIM) Quarterly Report
Second Quarter Report to CMMI: July 1 2013-September 30 2013
October 30, 2013

Section 1: Overview

Much of the Implementation Period of Vermont's SIM Project has involved establishing the administrative processes needed to perform the work of the grant.
Three major activities dominated quarter one: 1. obtaining state approval to receive the grant; 2. developing a governance process and structure for the SIM Project; and 3. preparing the Operational Plan for CMMI. The SIM Project Team obtained legislative approval to receive grant funding on May 9, 2013 and immediately began recruiting staff to carry out the work associated with the grant. During this time and throughout May and June, the SIM Project Team started to develop a governance process for the SIM Project. Vermont submitted its Operational Plan due August 1st.
Quarter two focused on launching the work groups associated with the project and developing final programmatic recommendations for the Shared Savings Accountable Care Organization Programs. The work groups each met in September and started developing work plans and charters that will govern their work throughout the testing period. The Shared Savings Accountable Care Organization Programs were further refined with recommendations made to the Steering Committee and Core Team for review and approval in the Implementation Period.

Section 2: Accomplishments

Vermont made several accomplishments in the SIM Implementation Period:
Programmatic:
From July 2013 through the end of September of 2013, the GMCB and the Department of Vermont Health Access (DVHA) continued to collaboratively convene two multi-stakeholder Accountable Care Organization (ACO) work groups to support the creation of Medicaid and Commercial ACO Shared Savings Programs (SSP). One work group focused on program standards and the other focused on program quality measures. These work groups met twice monthly during the Implementation Period. By the end of September, the two groups completed the majority of their work and presented it for review and discussion by the VHCIP Steering Committee and the VHCIP Core Team. The Program Standards and Measures will be approved in the first quarter of Year One. **Vermont anticipates launching the Medicaid and Commercial Shared Savings ACO programs on January 1, 2014.**

ACO SSP Program Development:

The ACO Standards Work Group drafted standards in the following areas:

- Standards related to the ACO's structure:
  - Financial stability;
  - Risk mitigation;
  - Patient freedom of choice;
  - ACO governance.
- Standards related to the ACO's payment methodology:
  - Patient attribution methodology;
  - Calculation of ACO financial performance and distribution of shared savings payments.
- Standards related to management of the ACO:
  - Care management;
  - Payment alignment;
  - Data use standards.

The ACO Measures Work Group identified standardized measures to evaluate the performance of Vermont's ACOs, and to develop a measures scoring process to qualify and modify shared savings payments. Standards and measures are aligned among Commercial Payers and Medicaid where possible, but also recognize that there are differences in the populations served by these two types of payers.
To that end, the Work Group developed the following recommended measure sets:

- Measures for payment; how the ACO performs on the measure may impact the amount of shared savings that the ACO receives;
- Measures for reporting; whether the ACO reports on the measure may impact the amount of shared savings that the ACO receives;
- Measures for monitoring and evaluation, including key utilization indicators and other statewide quality measures;
- Pending measures for future consideration.

Updates on Provider Integration and ACOs:

- **Accountable Care Coalition of the Green Mountains** is in discussions with the GMCB around the Commercial Shared Savings Program in which the ACO is likely to participate next year. The organization includes approximately 100 physician members of Health First, a statewide Independent Practice Association (IPA).
- **Community Health Accountable Care (CHAC),** a joint venture between Bi-State Primary Care Association and five of Vermont's Federally Qualified Health Centers (FQHCs), submitted an application to become a CMS Shared Savings Plan ACO (Track 1). CHAC is waiting to hear from CMS on its application and anticipates receipt in December, 2013.

Also through CHAC, seven FQHCs are likely to participate in the Commercial and Medicaid programs being developed in Vermont for 2014.

- **OneCareVermont**, a statewide ACO, recently hosted town hall sessions across the State to help inform consumers and interested parties about what they are doing and how they are trying to improve care for patients through the ACO program.

Operational:

a. The Vermont Legislature formally approved the SIM grant award, allowing the state to expend SIM grant funds. Vermont statute requires that all grant awards received by any state agency go through a grant approval process before positions can be filled and funds can be expended. The SIM Project received this approval on May 9, 2013.
b. Vermont developed, and submitted, a stakeholder engagement plan to CMMI. This plan includes multiple levels of communication with SIM stakeholders. The plan identifies a SIM Steering Committee and several SIM-specific workgroups, made up of both in-state and external stakeholders. Additionally, there are several groups that will receive updates on the SIM Project and provide input through a series of regularly scheduled communications. Finally, we are reaching out to Vermonters through public engagement events around the state.
c. We posted all positions for recruitment and began interviews for project staff. Vermont has made strides in recruitment and hiring for SIM related positions, and we are confident that the majority of the remaining positions will be filled in Year One. Following is a list of the positions that Vermont has filled:

- Georgia Maheras, Project Director
- Christine Geiler, Program Manager and Stakeholder Coordinator
- Luann Poirier, Administrative Services Manager
- Erin Flynn, Health Policy Analyst
- Ann Reeves, Payment Program Manager
- Alicia Cooper, Quality Monitoring & Evaluation Manager
- Annie Paumgarten, Evaluation Director

d. We released three RFPs: one for project management service, one for independent evaluation, and one for participation in the Medicaid Shared Savings Program. Vermont released a project management request for proposals after identifying the need to prioritize project organization, and being permitted a budget reallocation in June, 2013. We selected UMass Commonwealth Medicine to serve in this capacity. We released a request for proposals for evaluation services; we expect that contract to be awarded in the first quarter of Year One of the SIM Project. The Medicaid ACO Shared Savings Program will begin on January 1st, 2014.
e. Vermont created a governance structure for the SIM Project. This governance structure has undergone significant review by in-state and external stakeholders resulting in the robust governance plan described in the Operational Plan. This governance structure demonstrates Vermont's commitment to the public-private partnership required under SIM. External stakeholders are included at every level of

governance and in decision-making roles. The SIM Project's governance relies on a Steering Committee to direct the work of the project. During the Implementation Period, we appointed our Steering Committee and held monthly meetings.
In addition to holding ongoing monthly SIM Steering Committee meetings, and monthly SIM Core Team and SIM Government Operations meetings; during the second quarter Vermont worked on identifying and solidifying leadership, as well as membership appointments for the six Health Care Innovation Project "work groups." These work groups will develop recommendations for review by the Steering Committee and the Core Team. The work groups began meeting in September, 2013 and are scheduled to meet monthly in Year One. The first task for the work groups is to develop work group Charters and workplans. The work group co-chairs are:

- *Payment Models:* Don George, President and CEO, BCBSVT; Stephen Rauh, Health Policy Consultant and Member of GMCB Advisory Board
- *Care Models and Care Management:* Bea Grause, President, Vermont Association of Hospitals and Health Systems; Renee Kilroy, COO, Northern Counties Health Care.
- *Health Information Exchange:* Simone Rueschemeyer, Behavioral Health Network; Brian Otley, Chief Operating Officer, Green Mountain Power
- *Dual Eligibles:* Deborah Lisi-Baker, Disability Policy Expert; Judy Peterson, Visiting Nurse Association of Chittenden and Grand Isle Counties
- *Quality and Performance Measures:* Catherine Fulton, Executive Director, Vermont Program for Quality in Health Care; Laura Pelosi, Vermont Health Care Association
- *Population Health Management:* Tracy Dolan, Deputy Commissioner, Department of Health; Karen Hein, M.D., Member of the Green Mountain Care Board

Moreover, several workgroups and sub-workgroups, which were functioning as proxies to the official SIM Work Groups (listed above), met on a regular basis to define the programmatic standards and quality measures which will drive both the Medicaid and the joint-commercial payer ACO Shared Savings Program pilots. These proxy work groups have now transitioned to the official SIM Work Group structure, under the leadership defined above, in the beginning of the third quarter. We have attached an Excel list of all SIM participants to this report.

Section 3: Planned Activities Over the Next Quarter and Likelihood of Achievement

3.1 Planned activities

Vermont anticipates the following planned activities in the next quarter, which is the first quarter of Year One:

1. Continued recruitment of staff to work on the SIM Project. There are several key vacancies in process of recruitment. We anticipate filling these in the first half of Year One.
2. Continued execution of the SIM Governance Plan, as described in Section A of the Operational Plan.

3. Stakeholder efforts:
    a. Monthly meetings of Steering Committee
    b. Identification of workgroup chairs and participants. This includes finalizing the membership lists for each Work Group, ensuring any interested parties have been identified for communications.
4. Start of Medicaid and Commercial Shared Savings program on January 1st, 2014. This includes:
    a. Execution of Program Agreements between ACOs and Commercial Payers, planned for December, 2013 in anticipation of a January 1, 2014 start date.
    b. Execution of contracts between ACOs and Medicaid planned for December, 2013 in anticipation of a January 1, 2014 start date.
5. Development of draft sub-grantee program for distributing funding and technical assistance directly to providers engaged in care transformation. Submission of this program to CMMI for approval.
6. Development of a contracting plan and release of Requests for Proposals for contracts expected in the first half of Year One. This includes contracts for: stakeholder outreach, actuarial services, consulting services related to Episodes of Care Program development, analytics support for ACO Shared Savings Program implementation, and development of a patient experience survey.
7. Begin to conduct a Health Information Exchange gap analysis to determine the ability of ACOs and other provider organizations to collect and transmit data elements electronically to report on the required performance measures.

3.2 Likelihood of achieving next quarter's goals/objectives

Our expectation is that we will achieve next quarter's goals.

Section 4: Substantive Findings

4.1 Substantive Findings

Vermont received feedback from its Steering Committee on the governance structure and as a result modified it to strengthen the public/private partnership.
We identified the need for professional project management support to ensure the project meets all timelines and milestones.
We identified a "matrixed" staffing model as the best structure for ensuring true integration of projects across the multiple state government agencies that have committed to this work.
We recognized the need to develop work plans for all project work groups.

4.2 Lessons Learned

Operational:
During the Implementation Period we recognized the need to communicate directly and frequently across all stakeholders in state government and external to state government.
Despite the pace of work on the Operational Plan, we developed a system where we "over-communicated" to ensure all parties were informed.
Vermont recognized the need for additional administrative project management services to support the numerous work groups and stakeholders involved in the project. These services

enable the state to provide information to stakeholders in a timely manner so that decisions can be made efficiently.

Programmatic:

Vermont altered the method for program development to align with the new Governance process. This required more work and explanation of program details, but was critical to the development of programs through a consensus process.

As we develop the payment models in Vermont, we are using the experience of providers engaged in different payment reforms to inform the new models. Specifically, we are relying on the ACOs and those involved in bundled payment and pay-for-performance efforts. Specifically, we have learned that changes in staffing and leadership in the early stages of the St. Johnsbury Vermont Oncology Project highlighted the importance of having consistency of key leaders and staff in delivery system transformation. Without key leaders in place, communication between participating providers was inconsistent and problems were not effectively addressed. Technological issues related to a variety of EHRs have hampered communication among the providers.

4.3 Suggestions/Recommendations for Current/Future SIM States

Creating a true public/private partnership requires a different approach to governance structure and engagement of private partners. If states are pursuing a public/private partnership, they should assign private partners shared accountability for the SIM project as early as possible, beginning in the grant writing stage.

It takes longer than anticipated to process recommendations through a complex SIM structure, and this means that timelines need to be more flexible than initially expected.

4.4 Suggestions/Recommendations for CMMI SIM Team

None at this time.

Section 5: Findings from Self-Evaluation

Vermont identified the need for more frequent communication among state staff working on the project. Initially, communications were once a month, but we have recognized the need for planning meetings each week and frequent emails to ensure that we have materials and appropriate information for the stakeholders.

Section 6: Problems Encountered/Anticipated

6.1 Problems Encountered/Anticipated

Operational:

Delay in approval of grant by the state meant that we could not recruit staff for two months. This delay put substantial pressure on the limited SIM staff to develop the Operational Plan. The rural nature of Vermont and a national shortage of skilled staff has led to a delay in recruiting key vacancies.

Programmatic:

Potential problems with enrollment on the Exchange may result in fewer attributed lives to the Commercial ACO Program than anticipated. Vermont's Commercial ACO Program design relies

on attributing lives from those who enroll through Vermont's Health Care Exchange, which is the entire small group and individual group market.

Provider concerns regarding the assumption of downside risk in Year 3 of the Medicaid and Commercial ACO Programs.

Provider concerns regarding the administrative burden of capturing, reporting, and acting on the results of additional performance measures in the Medicaid and Commercial ACO Programs.

6.2 Implemented or Planned Solutions

Operational:

We processed staff recruitment as fast as we could and pulled staff from other projects to focus on the SIM Operational Plan.

Plans are underway to post job vacancies in national press and more widely available job recruitment websites.

Programmatic:

State staff are working with the ACOs and Carriers to ensure attribution is as robust as possible given the changes to enrollment in Vermont's Health Care Exchange. Potential problems with enrollment on the Exchange may result in fewer attributed lives to the Commercial ACO Program than anticipated.

Vermont continued program development in Year One of the Shared Savings Accountable Care Organization Programs will focus on refining performance measures and determining downside risk for years two and three of the programs. The program development will begin in the work groups and then flow up through the Project's governance process for approval by the Core Team over the next year.

Section 7: Work Breakdown Structure

Category	Hours	Cumulative Expense thru 9/30/13	Prior Quarters	Jul-13	Aug-13	Sep-13
Personnel	2,793.36	$ 53,417.70	$ 875.96	$ 4,264.08	$ 14,061.61	$34,216.05
Fringe		$ 20,507.79	$ 418.19	$ 1,141.88	$ 5,308.91	$13,638.81
Travel		$ 3,831.62			$ 1,861.49	$ 1,970.13
Supplies		$ -				

Equipment		$ 21,398.75			$ 21,283.50	$ 115.25
Contractual		$ -				
Other		$ -				
Indirect		$ 20,458.45	$ 831.67			$19,626.78
Total		$ 119,614.31	$ 2,125.82	$ 5,405.96	$ 42,515.51	$69,567.02
Notes: Indirects are included at end of each quarter. Due to variability for individual						
Department's processes and procedures, hours were calculated using available data.						