
METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE

(Continued)

non-core services. DVHA maintains the list of core and non-core services applicable to each performance year, which can be found at: <http://dvha.vermont.gov/administration/totalcostofcare.pdf>

G. Expected Total Cost of Care (TCOC)

The expected total cost of care calculation uses three historic benchmark years of claims data. In performance year ~~two~~^{three}, calendar year 201~~6~~⁵ (CY -201~~6~~⁵), the three historic benchmark years are CY 201~~2~~¹, 201~~3~~² and 201~~4~~³. The benchmark years will be updated on a rolling basis annually—that is, the oldest year of data used in the calculations of the benchmark in the previous performance year will be dropped and a more current year will be added to the benchmark reflecting data closer to the performance year.

The risk adjustment process described in section E and the truncation calculation described in section F are performed and a total ACO eligible population compound annual growth rate (CAGR) is calculated from re-priced data in the three benchmark years.

The expected TCOC is computed for each enrollment category separately.

The formula applied is:

(Truncated, risk adjusted PMPM from last year in the benchmark period) * (1+CAGR) * (1+CAGR)

In some years, an additional adjustment may be made to the expected TCOC to account for rate changes made by DVHA between the benchmark years and the performance year that would not be reflected in the CAGR.

H. Actual Total Cost of Care

The actual TCOC calculation will be derived from claims for actual attributed population of each ACO during a performance year. Risk-adjustment and truncation are also performed as described in sections E and F.

I. Gain and Loss-Sharing

The maximum savings rate in the VMSSP is fifty percent. There are no loss-sharing and/or recoupment requirements under the program for ~~the first three years~~^{year one}. In year two, ACO contracts were amended to allow for a program integrity audit to be conducted upon the completion of the three year demonstration; the resultant impact is a loss of shared savings should such audit and appeal result in an overpayment.

J. Quality and Patient Experience Measures Requirements for Reporting Measures

The VMSSP uses the Gate and Ladder methodology to calculate a Quality Score (QS) that is then used in the calculation of the payment of shared savings as described in section A. The Gate and Ladder are defined as follows:

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