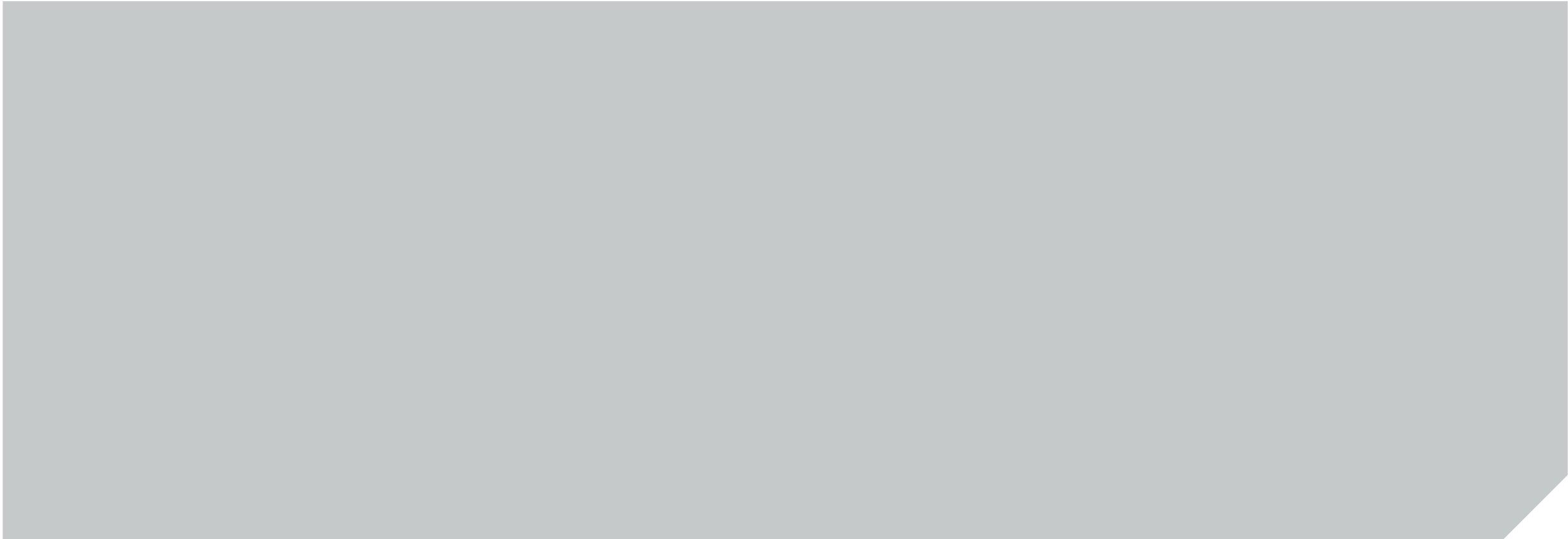


Adapting ACO Strategy in a Post-Pandemic Environment

NAACOS Breakfast Session

APRIL 2022



Presenters



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Agenda

- Evolving Market Priorities for ACOs
- Program/Track Selection for Medicare ACOs
- Projecting Financial Performance
- Impacts to Commercial Arrangements
- Q&A

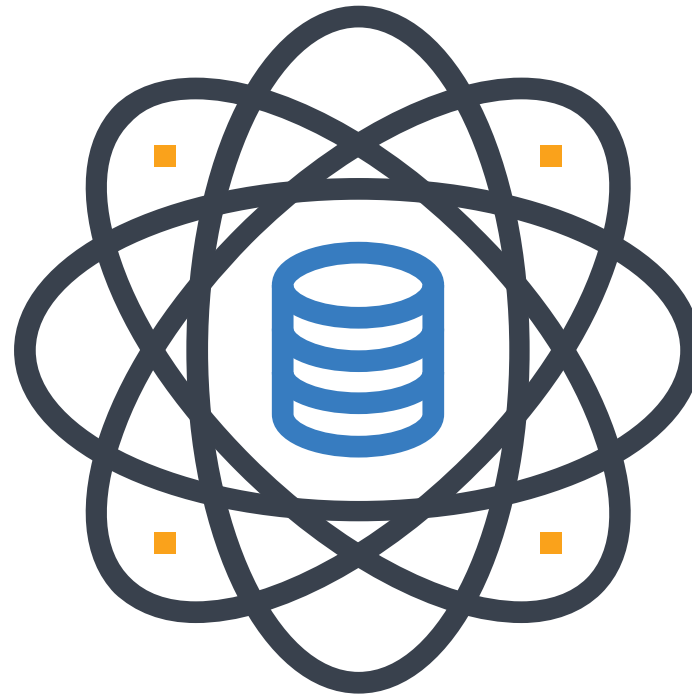
Evolving Priorities for ACOs

Is your data analytics infrastructure sufficient to succeed under increased demands & challenges?

Increasing Demands



- Consumer Experience
- Continued Cost Reduction
- Population Health
- Employer/Provider Experience
- Health Equity



Integrated Data Analytics

Milliman MedInsight
Best-in-KLAS Quality & Risk Analytics
2019, 2020, 2021, & 2022

Market Realities/Challenges



- Workforce Challenges
- Demand Transformation
- Increasing Competitors
- Risk Transfer to Provider
- Complex APMs

Program/Track Selection for ACOs

How have the programs changed due to COVID?

Changes during the PHE:

Program Changes

COVID
Effect

How have the programs changed due to COVID?

Changes during the PHE:

Program Changes

COVID Effect

Shared Loss Calculation

2021 Application Cycle

Telehealth

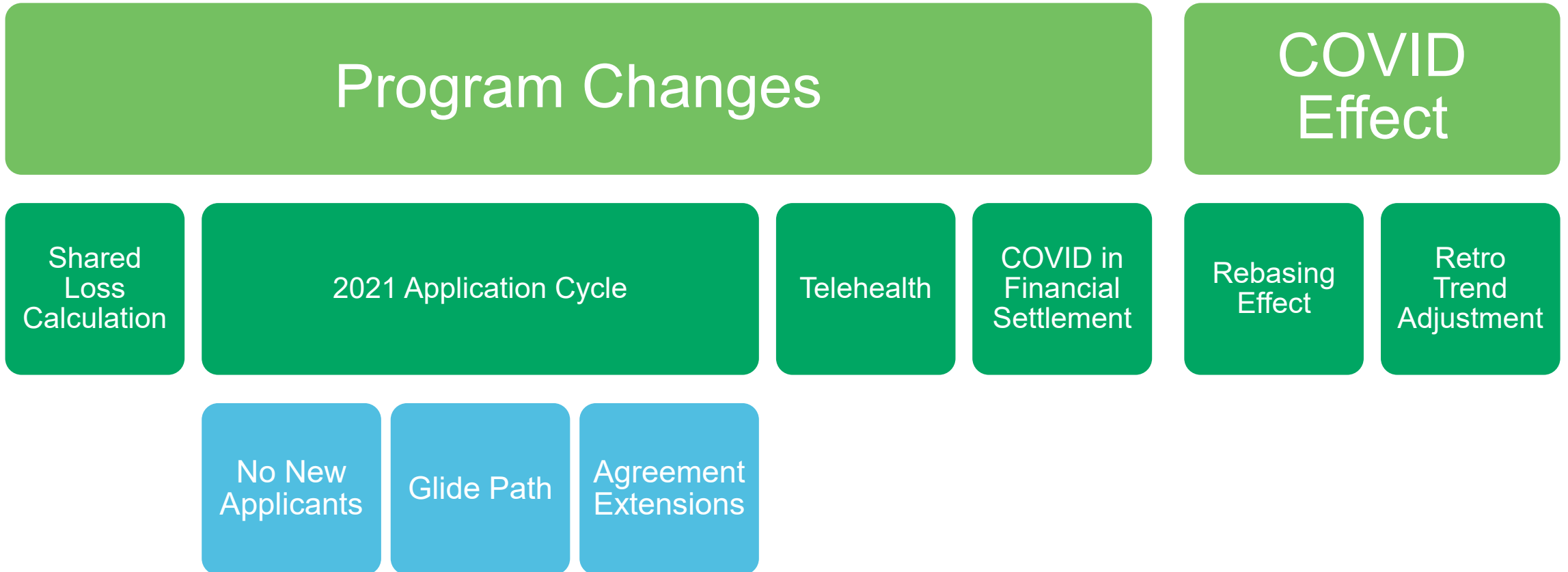
COVID in Financial Settlement

Rebasing Effect

Retro Trend Adjustment

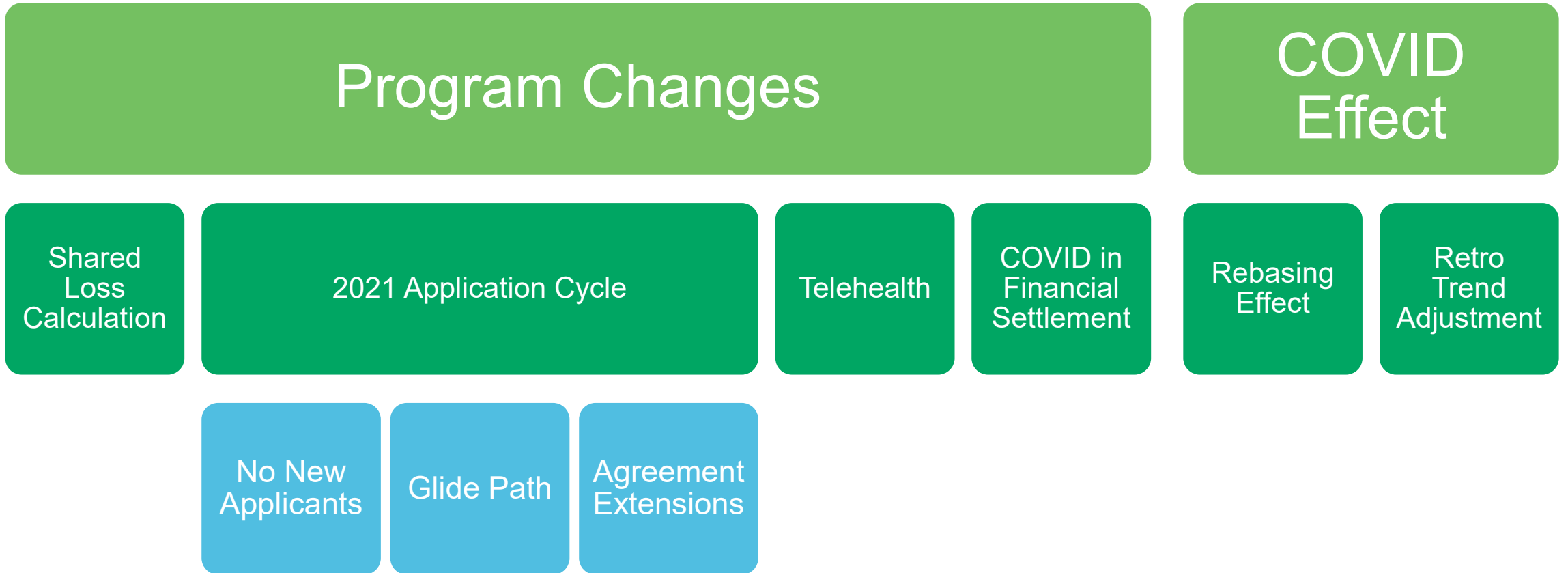
How have the programs changed due to COVID?

Changes during the PHE:



How have the programs changed due to COVID?

Changes during the PHE:



No permanent program changes

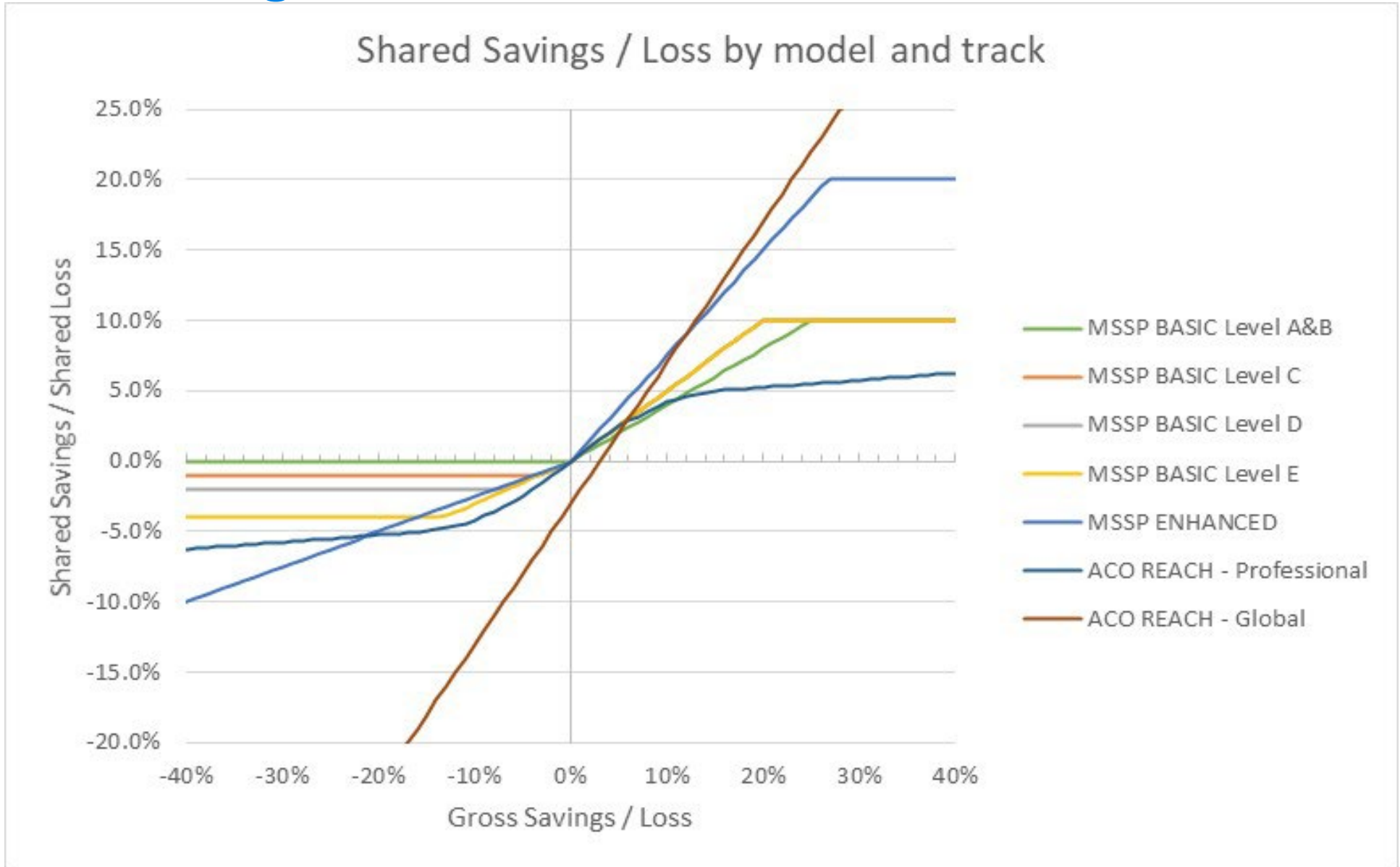
How to Pick a Program/Track



How to Pick a Program/Track

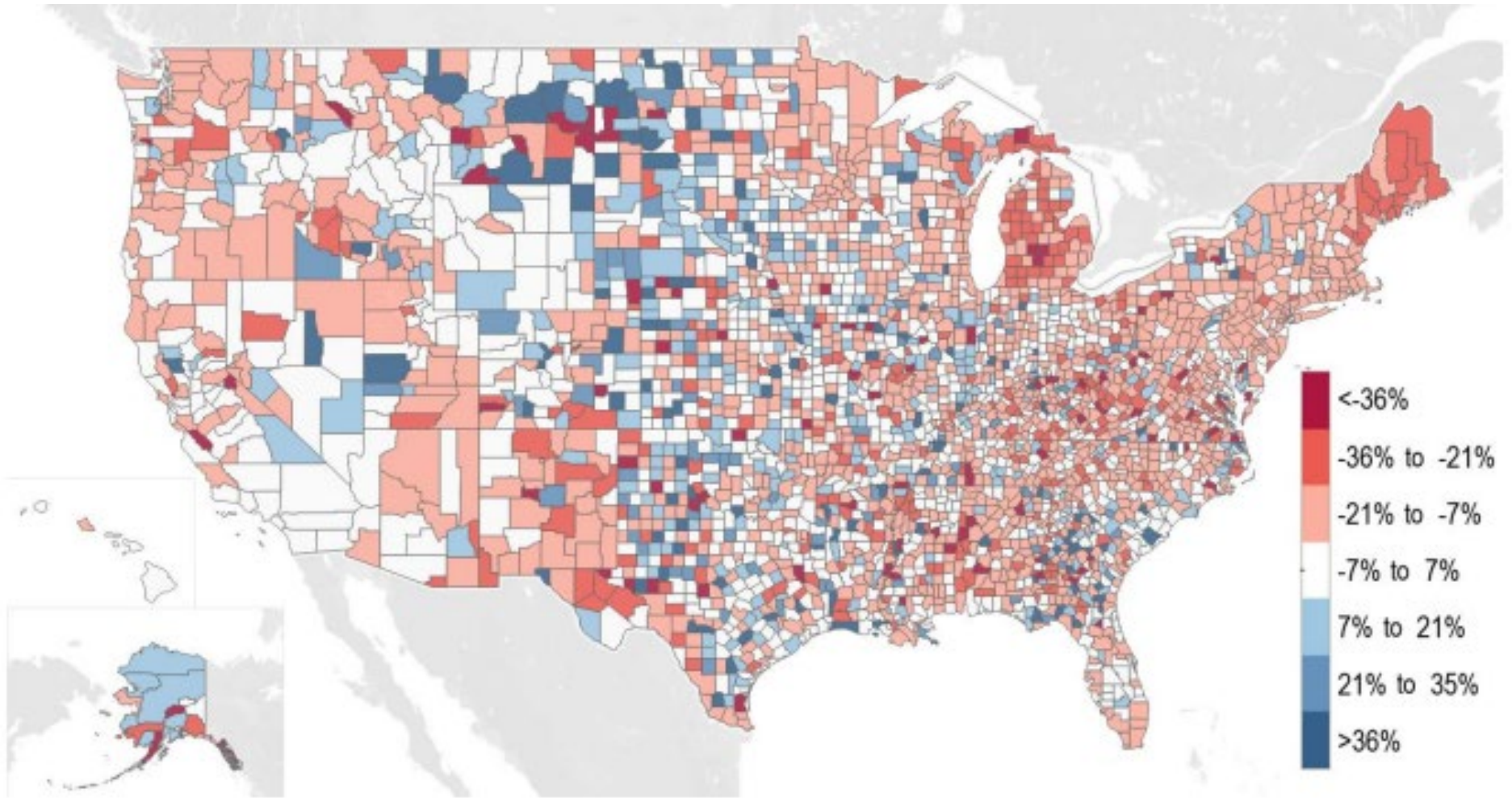


How to Pick a Program/Track



How to Pick a Program/Track

Cumulative Medicare fee-for-service payment changes by county, 2020 vs 2019



Source: Data from Medicare's common working file as of claims submitted by April 23, 2021, <https://aspe.hhs.gov/sites/default/files/documents/fc9316ab391e6b6a18fde3e8fca68685/medicare-ffs-utilization-spending-ib.pdf>, Figure 5

Are the factors in an ACO's decision different now?

Mostly the same but with nuances

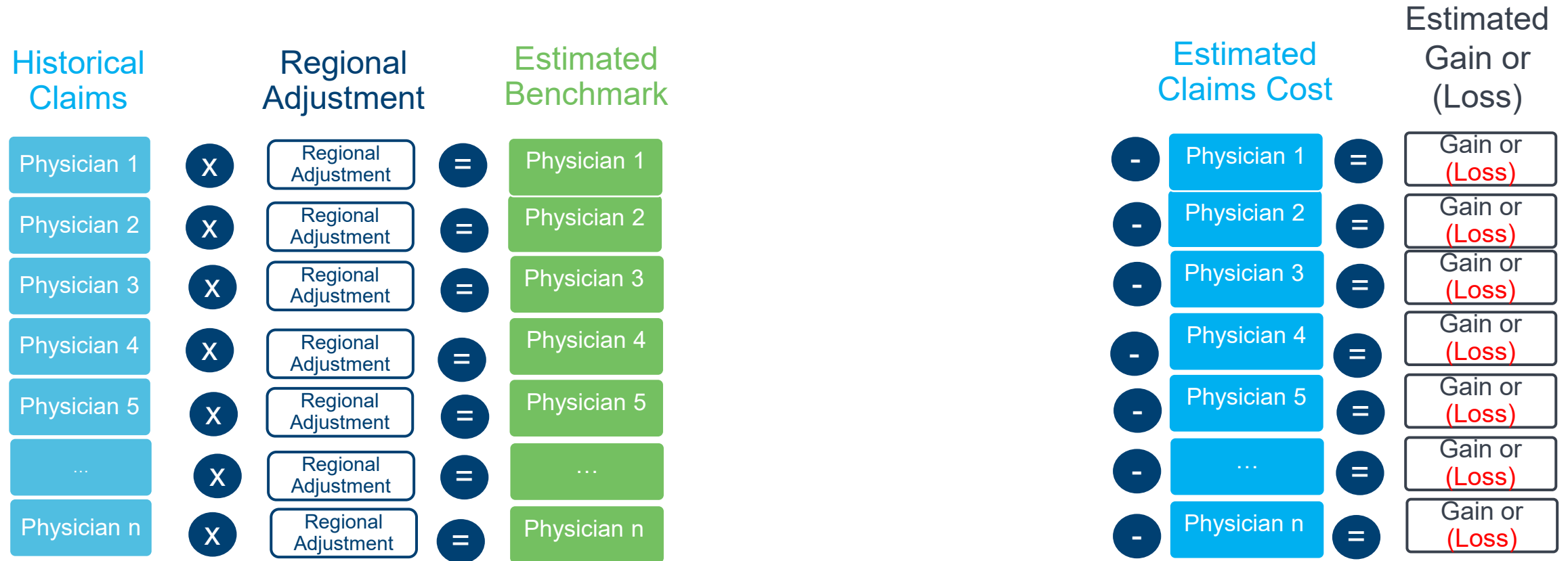
- Key considerations
 - Timing – renewing vs new
 - Benchmark impact
 - ACO REACH participation
- Project savings, then compare
- Evaluate providers
- Monitor the data
- Risk arrangement experience
- Risk tolerance



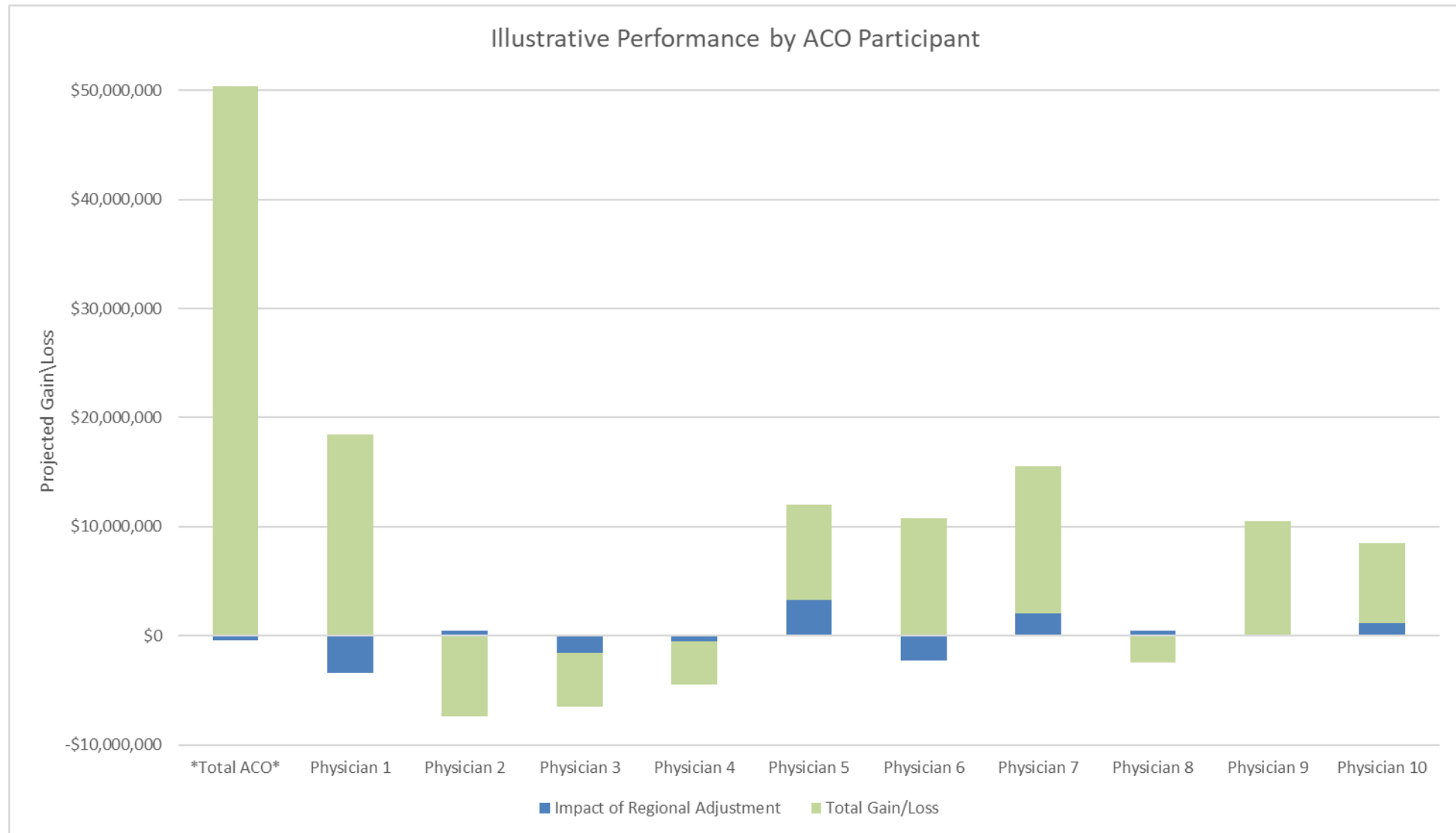
Projecting Financial Performance

Each Participant Influences ACO Performance

Unique Impact on both Historical Benchmark and Performance Year Expenditures



Financial Performance by ACO Participant



Assessing an ACO participant's financial performance

- Components of the financial benchmark:



- CMS does not provide financial benchmarks for each participant
 - In order to assess an ACO participant's financial performance, the ACO should first construct a financial benchmark for each participant.
- This method can also be used to assess the financial impact of adding or removing a participant
- Using recent experience data: beware 2020-2021 expenditures and 2021 risk scores!
- Need to determine ahead of time how much risk and reward to pass on to participants.

Managing Existing Participants

Contextualizing Results to Enable Targeted Interventions

How do participants compare to overall ACO?

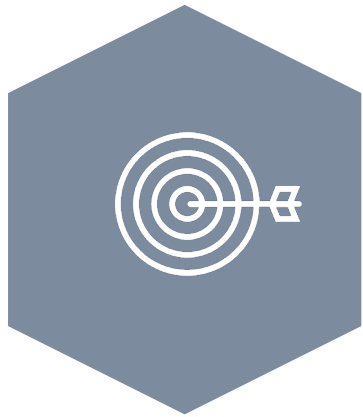
- Participant benchmarks (ACO Builder™)
- CCLF reporting at participant-specific level (ACO Insight™)
 - Claims tracking
 - Risk tracking

How do participants compare to benchmark trends?

- Market benchmarks by year (ACO Builder™)
- Detailed categorization of opportunities vs benchmarks
 - Expenditures by service category (Milliman HCG Grouper)
 - Areas of under-coding in HCC risk (Conditions to Consider™)

Impacts to Commercial Arrangements

How has COVID-19 affected commercial APMs?



**Target
expenditures**



Risk scores



Quality measures



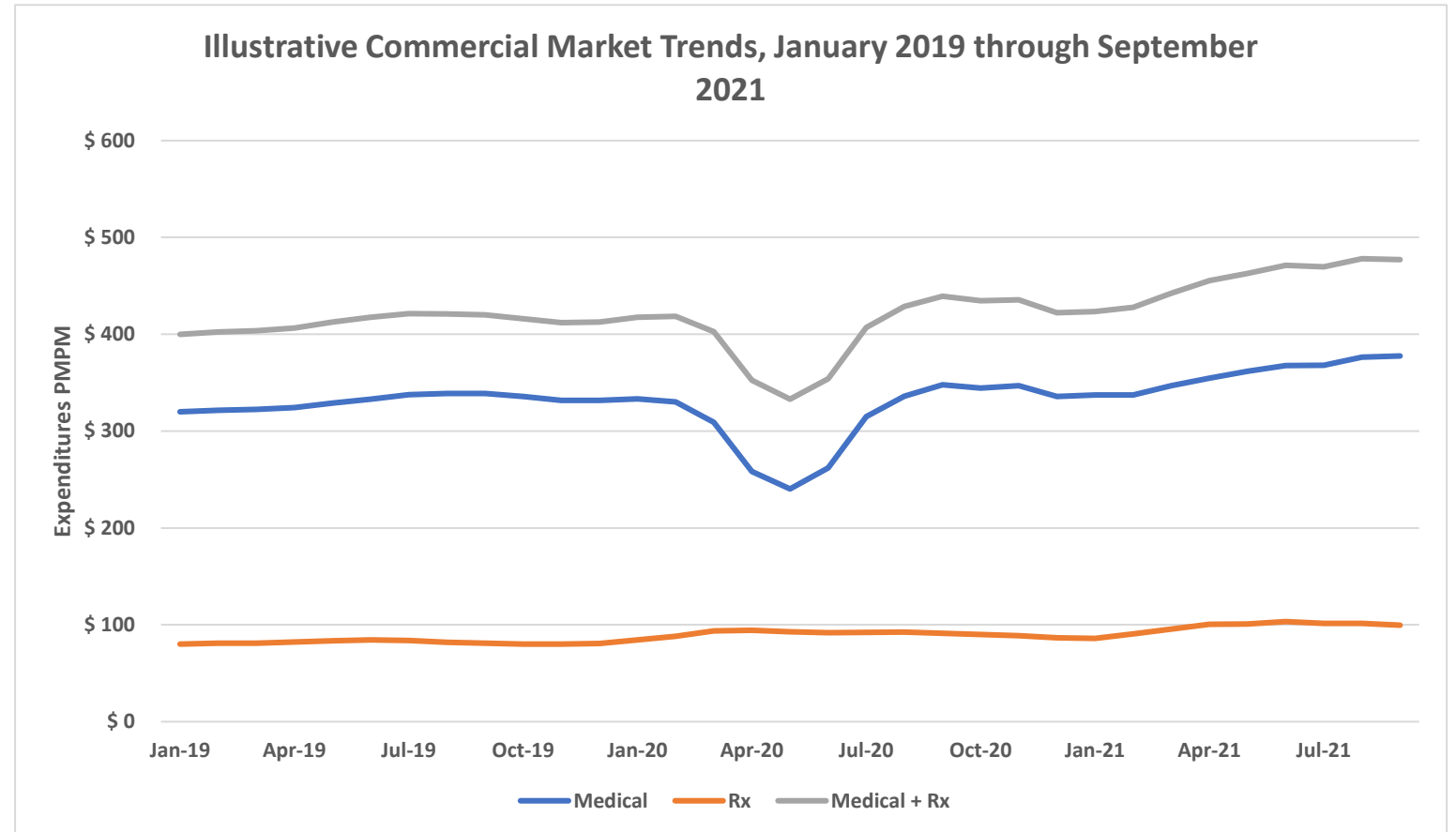
**Risk sharing
parameters**



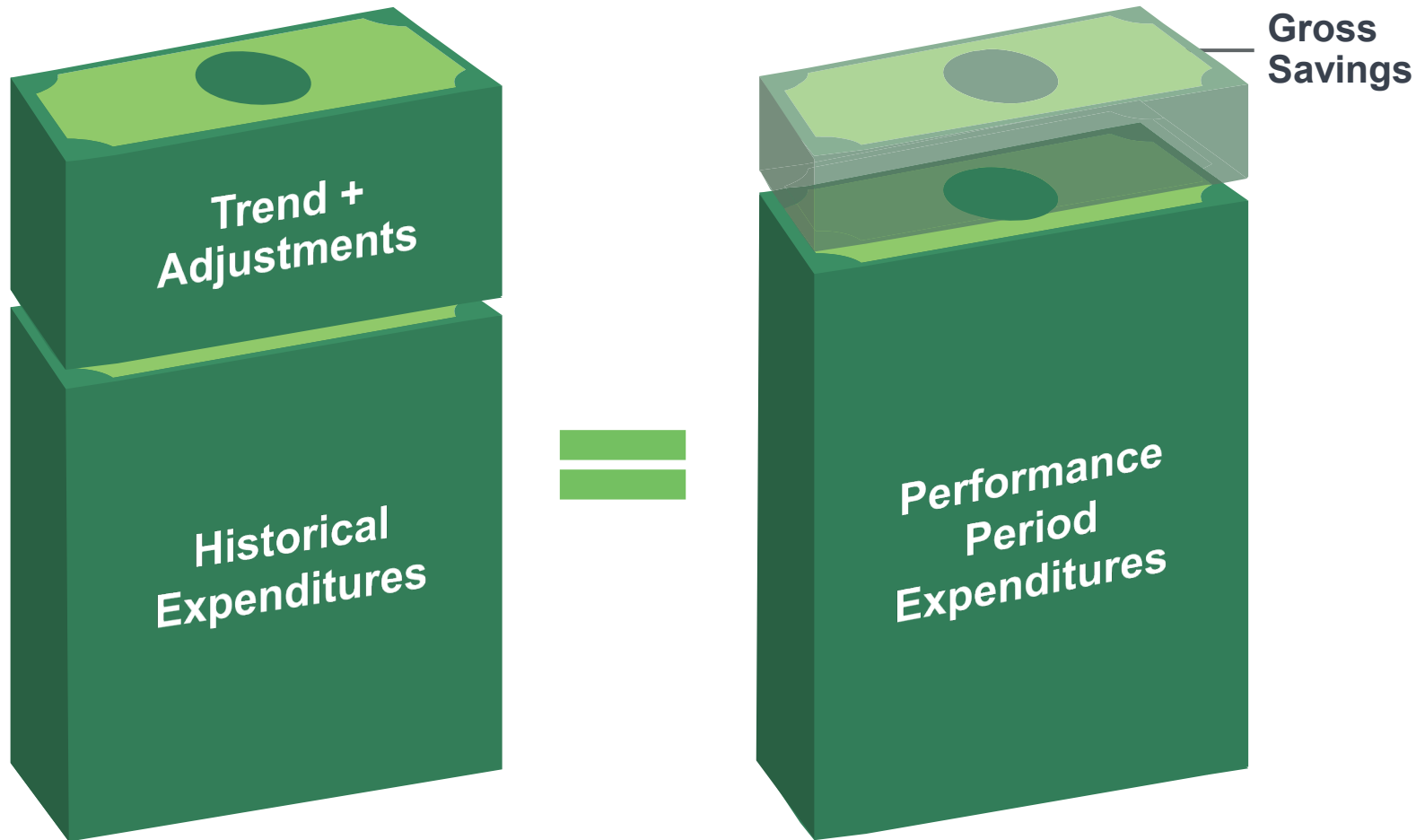
**Contractual
triggers**

Target expenditures

- Establishing accurate target expenditure levels has become more difficult since the onset of the COVID-19 pandemic
- Considerations vary depending on whether targets are set using ACO's base experience plus trend vs. target medical loss ratio

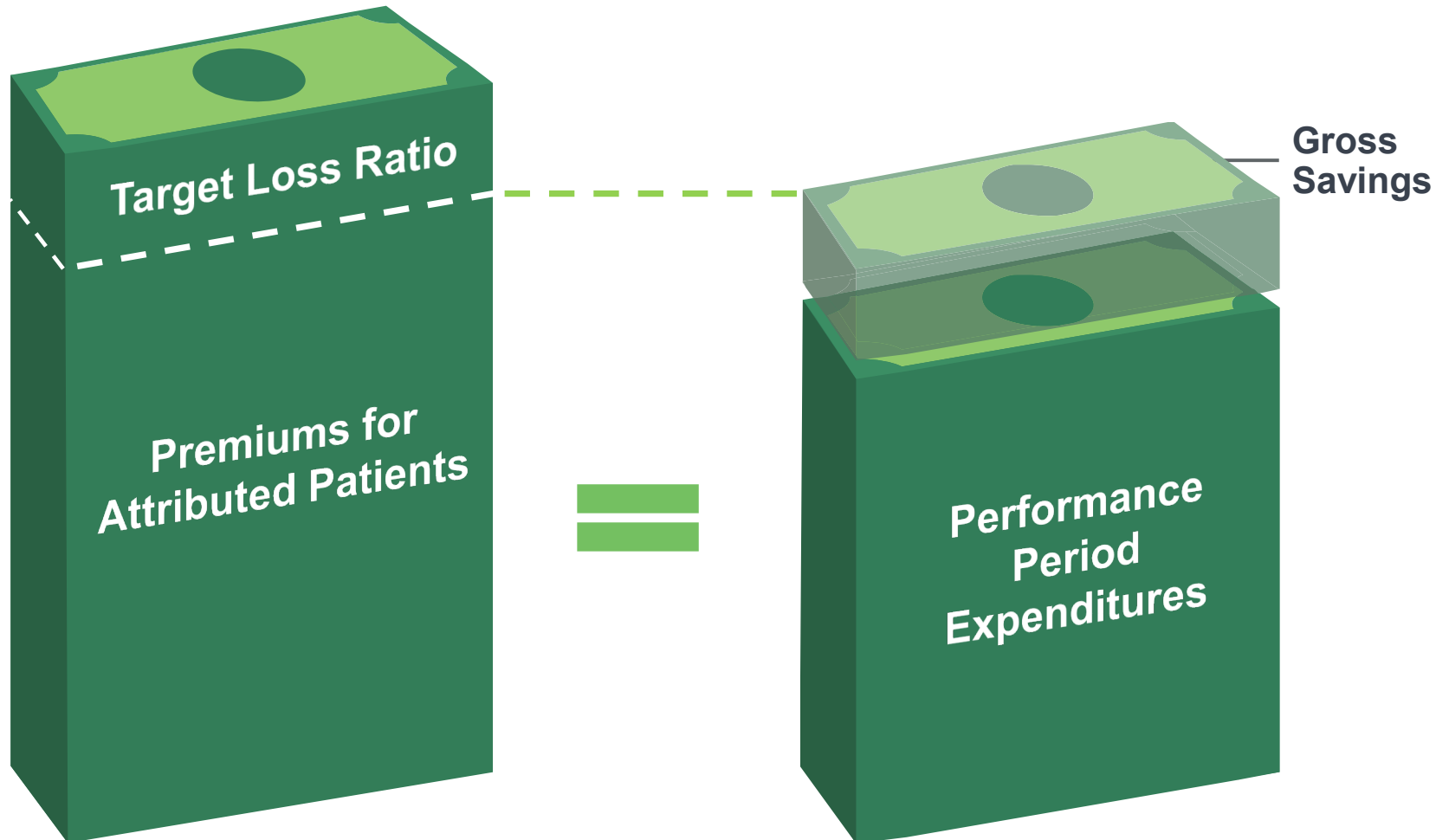


Historical + trend framework



- Target is based on historical expenditures, adjusted for trend and other changes over time
- Gross savings/(loss) is difference between actual expenditures and target.
- **This is the approach used in MSSP**

Percent of premium framework



- Target is based on a percent of premiums or managed care capitation revenue
- Provider risk is dependent on payer pricing of product, not just expenditures
- Gross savings is difference between actual expenditures and target

Considerations by target-setting approach

Base Experience Plus Trend	Medical Loss Ratio Target
Is base experience period pre-COVID or “post-COVID”?	Has health plan profitability changed as a result of the pandemic?
What is the plan for resetting the base experience period in future years?	Have there been changes to the non-benefit components included in the premiums? Could this affect the MLR?
Are trends set prospectively or retrospectively (like in MSSP)? In either case, do they reflect region-specific effects?	Are direct COVID-19 costs carved out?
Are direct COVID-19 costs carved out?	
Have new services been added since base experience period?	

Other areas affected by COVID-19

Risk scores

Algorithms may not properly measure risk of populations over time due to changes in treatment and coding patterns. Contracts should have a robust approach in place to account for this.



Quality measures

Changes in patient behaviors has affected the attainability of certain quality measures. Additionally, payers and providers may now want to emphasize different measures that have become more salient (such as behavioral health).

COVID-19 will continue to have an impact on other aspects of value-based contracts

Risk sharing parameters

Challenges in setting accurate targets inherently adds uncertainty to the measurement of savings. The path to downside risk may need to be adjusted to allow for the environment to stabilize.



Contractual triggers

Payers and providers may look to add or modify provisions allowing for changes to certain parameters due to highly unusual events. Care should be taken to ensure the provisions are not used as a crutch for either side to challenge unfavorable results.

Reviewing proposed APM contracts

What questions should you be asking yourself and the payer?

- How are targets set?
 - Base experience
 - Trend
 - Other adjustments
 - MLR target
- How are risk scores used and how does this account for changes in coding patterns over time?
- Which quality metrics are used and how attainable are the targets?
- How does quality performance affect the ACO's payout?
- What are the risk sharing parameters and how do they change over time?
- Are there contractual triggers related to future unforeseen events?
- Has the payer used COVID-19 as a guise to make unnecessary changes to the contract?



Q&A



Thank you

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