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Medicaid Shared Savings Programs Helped Avoid \$14.6 million in Costs in 2014

PLAINFIELD – As part of Gov. Peter Shumlin’s health care reform agenda, Vermont launched in 2014 an effort to encourage health care providers to better coordinate care for patients, reduce unnecessary tests, improve health outcomes, and save money in a health care system that is spending it faster than Vermonters can afford. The year-one results are in and they show that the effort helped avoid \$14.6 million in health care costs last year alone.

“The constant rise in health care costs is the single largest drag on affordability in this state,” Gov. Shumlin said. “Our goal going into this program was to figure out how to spend less money while keeping Vermonters healthy. The success we had in year one is incredibly encouraging and shows that we’re on the right track when it comes to bending the cost curve on a health care system that spends money faster than Vermonters can earn it.”

Vermont became the first state to launch a so-called shared savings model on a statewide, all-payer basis in 2014. Under the shared savings model, doctors, hospitals, and other health care providers joined together in Accountable Care Organizations (ACOs), which are working to coordinate care to drive down costs and make people healthier.

Two ACOs joined the state’s Medicaid shared savings program in 2014 – Community Health Accountable Care (CHAC) and OneCare Vermont. Together, they helped nearly 1,000 providers statewide manage care for around 40 percent of the state’s Medicaid population, or 64,515 individuals. Through better coordination of care for those Vermonters, OneCare and CHAC were able to avoid \$6,754,568 and \$7,847,440 in health care costs last year, respectively, for a total of just over \$14.6 million. The ACOs and the state split those savings, meaning the state’s Medicaid budget avoided nearly \$7 million in costs thanks to the shared savings programs.

“I am proud that Medicaid can take a leading role in promoting high quality care for Vermont’s most vulnerable citizens, while also promoting high value health care,” said Commissioner of the Department of Vermont Health Access Steven Costantino.

The ACOs were tracked on measures of health care quality, including patient satisfaction and measures of under-treatment and over-treatment. Both ACOs exceeded the minimum quality performance targets required to be eligible for shared savings. Of note, both performed higher than the state average on a measure assessing timely follow-up after hospitalization for mental illness.

“Vermont’s health care providers should be applauded for embracing the challenge of working together in a more integrated fashion, and for maintaining or improving health care quality within a changing environment,” said Green Mountain Care Board Chair Al Gobeille.

The Medicaid shared savings program will run for two more years. Taken together with the shared savings programs offered by Medicare and Commercial payers, this program is one step in moving toward an all payer model, which will better support a statewide system of care. The goal of an all payer model is to bend the cost curve in the health care system by ensuring patients have better access primary care and care in the right settings, creating predictable and flexible funding for health care providers, and aligning financial and quality incentives.

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