



MSSP Regional Benchmarking

June 7, 2018





The Concept



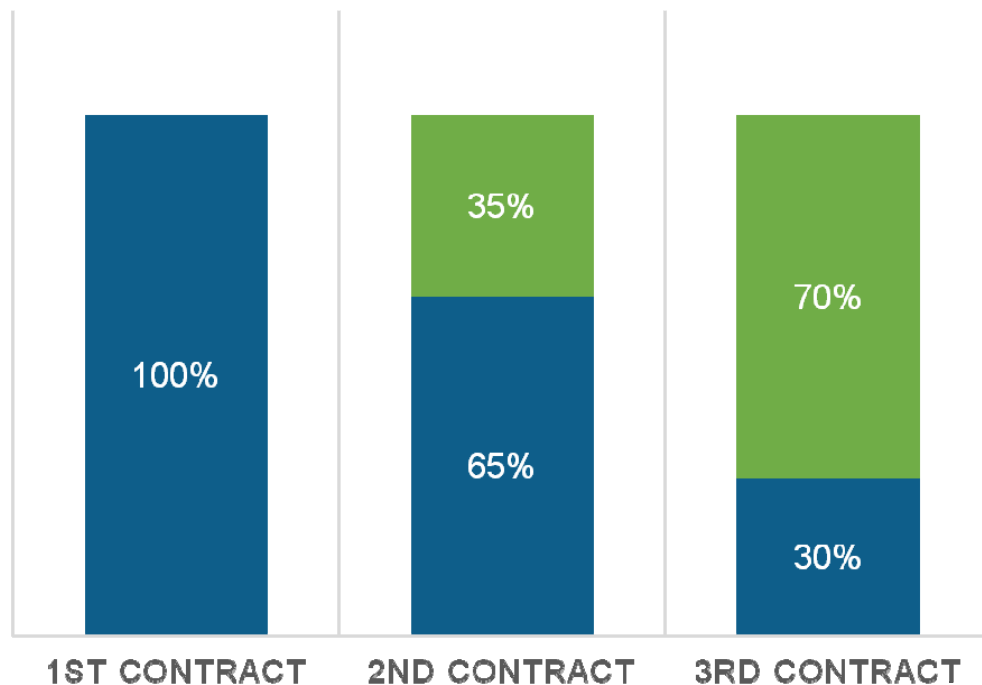
CMS Implementation



Calculating Your Own Regional Efficiency

TRANSITION TO REGIONAL BENCHMARKING

■ Historical Benchmark ■ Regional Benchmark



REGIONAL BENCHMARKING

- Against whom?
 - All Medicare FFS beneficiaries in counties where the ACO has beneficiaries including those in other ACOs and in our ACO
- Adjustments?
 - Risk adjustment between beneficiaries not in the ACO and in the ACO in the benchmark years
 - Weighted by the proportion of ACO beneficiaries in each county
- Continual Improvement still required to succeed as the regional benchmark is essentially a head start

2018 Regional Costs / 2018 Regional Risk Score

–

2018 ACO Costs / 2018 ACO Risk Score

=

2018 ACO Regional Efficiency

(2018 Regional Efficiency x 0.35) + (Historical Benchmark x Risk Ratio) + 2018
Inflation

=

Final 2018 Benchmark

Thank you for Coming

Forget the last slide

What are the ACO's costs for regional benchmarking?

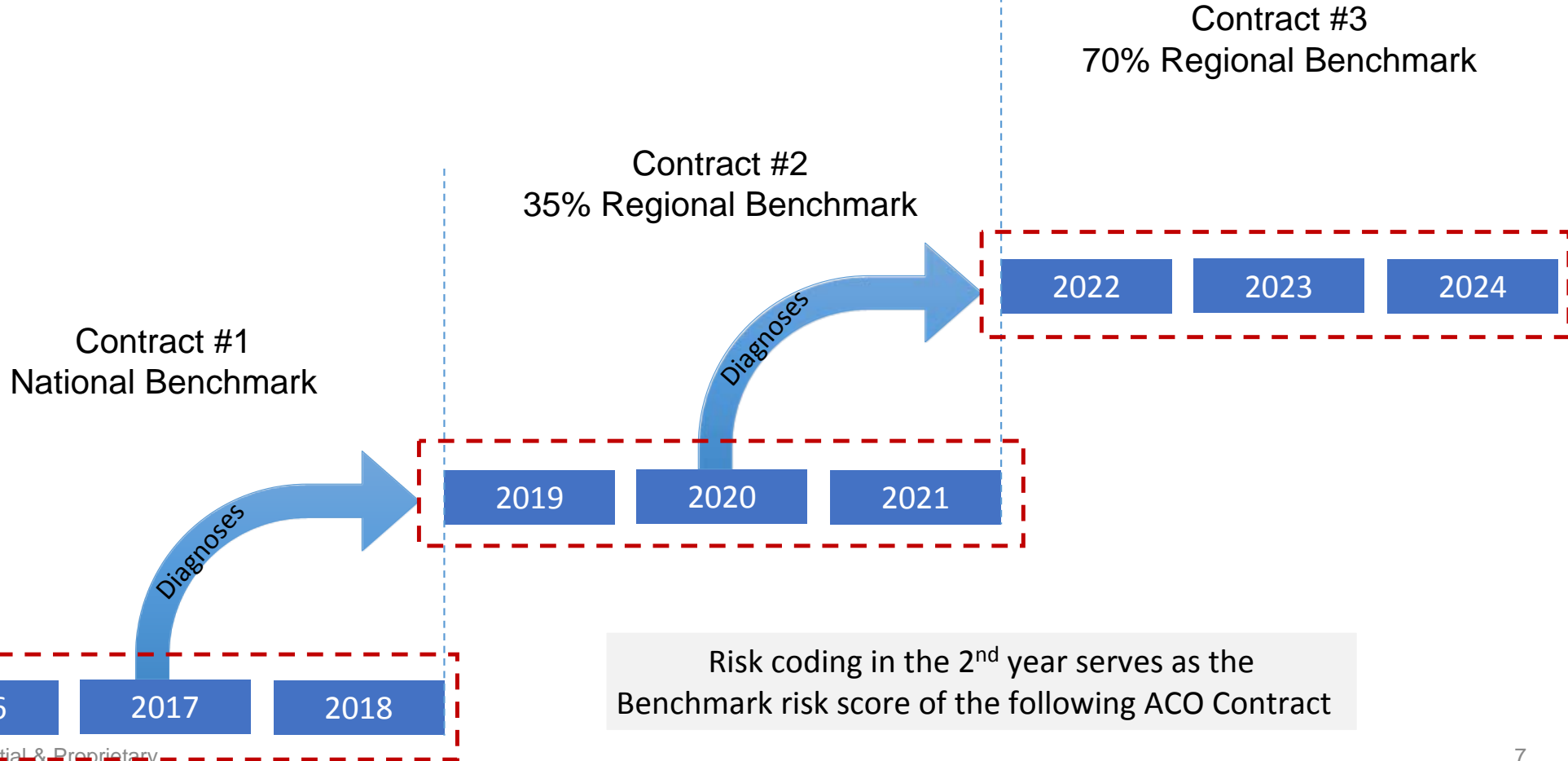
- Not any one year
- The ACO's costs that are used is the historical benchmark (available in August) not their annual costs during the performance year or any single year for that matter

Historical Benchmark for PY2018

$$\begin{aligned} & 2015 \text{ Costs} \times \text{Risk Ratio to 2017} \times 2015 \text{ Inflation} \times 2016 \text{ Regional Inflation} \times 1/3 \\ & \quad + \\ & \quad 2016 \text{ Costs} \times \text{Risk Ratio to 2017} \times 2016 \text{ Regional Inflation} \times 1/3 \\ & \quad + \\ & \quad 2017 \text{ Costs} \times 1/3 \\ & \quad = \\ & \text{Historical Benchmark} \end{aligned}$$

<http://www.ajmc.com/contributor/travis-broome/2018/02/regional-benchmarking-or-regional-bonus-sustainability-in-the-medicare-shared-savings-program>

The Risk Year that Really Matters – BY3



- Finding your region
 - Every county the ACO has a single beneficiary in (AASR File – Table 2-5 or CCLF)
 - Weighted by the percentage of beneficiaries the ACO has in each county
- Finding your region's cost and risk
 - 2016 County-level Fee for Service (FFS) Data for Shared Savings Program (SSP) Benchmark Rebasing PUF
 - www.data.cms.gov
 - <https://data.cms.gov/Special-Programs-Initiatives-Medicare-Shared-Savin/2016-County-level-Fee-for-Service-FFS-Data-for-Sha/kchu-k4h3>

Regional Bonus for the 2nd Contract

$((\text{Regional Risk Adjusted Costs} \times \text{ACO BY 3 Risk Score}) - \text{Historical Benchmark}) \times 0.35$

If regionally inefficient then it is just 25%

This part is simple

2018 Regional Risk Adjusted Costs / 2017 Regional Risk Adjusted Costs

Keep in mind that risk adjustment might take away

- For an ACO that has been successfully reducing costs using the Historical Benchmark into of performance year costs will under report the current regional efficiency
- The Big Reason the Answer is No: Disparate Treatment of Risk Adjustment
 - The risk score for the ACO continuously enrolled population is capped in the ACO benchmark adjustment
 - Those same exact people are also in the regional benchmark where the risk score is not capped

Example: A person with costs of 10,000 and a risk score of 1.0 in 2017 who has costs of 10,000 and a risk score of 1.05 in 2018 in the ACO generates no savings due to the cap on risk; however, in the regional trend the same person has risk adjusted costs of \$9,500 and reduces regional trend by 5%. That reduction in trend must be made up with savings from other ACO beneficiaries

- Regional Trend functionally shifts savings from the ACO to CMS
 - If an ACO represents 20% of its region and reduces costs in 2018 by 5% the regional trend will be reduced by 1% (20% x 5%)
 - Instead of 5% savings the ACO only receives 4% savings
- Disadvantaging Rural ACOs
 - Since the regional trend removes savings in proportion to market share, rural ACOs are disadvantaged as a 5,000 person ACO in rural areas will by definition have a higher market share than a 5,000 person ACO in an urban area
- Potential Corrections Coming
 - Stand alone MSSP rule at OMB right now should come out in June possibly any day

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