

## VHAN Shared Savings Distribution Model: 2019 Update

In response to requests from member practices, the VHAN Board of Directors has approved a new model for shared savings distributions. This change only affects primary care providers and will phase in during the 2019 performance year, meaning that it will affect any shared savings distributions that would be paid in 2020.

The new model was created with extensive collaboration from network practices and physicians, and it has been modified and vetted over several months. It conforms to industry standards and more equitably recognizes the contributions of high-performing practices. As always, any practice-level shared savings distributions under any commercial contract are contingent on network-wide performance relative to statewide market factors.

### New Performance Measures

In the past, all VHAN primary care practices received shared savings distributions based solely on attribution. In other words, the more patients attributed to a practice in a given contract, the higher the shared savings distribution to that practice. The new model keeps attribution as a major factor but also ties performance to two categories: quality and cost.

**Quality:** Each commercial contract specifies certain quality metrics that must be met. Under the new model, each practice will have a quality performance score that compares the quality metrics that each practice met to the total number of metrics the practice could have performed on. Depending on how the metrics compare, a practice can be low, average, or high performing.

**Cost:** The cost factor of the model only applies to practices with more than 100 attributed patients under VHAN commercial Aetna contracts. There are two prongs to the cost factor:

- **Cost Trend:** This is calculated by determining the patients in commercial health plans that are attributed to each practice and comparing the per member per month (PMPM) cost for that population year-over-year. This would only include medical costs, not pharmacy costs, and the cost trend data would be risk-adjusted to account for the risk profile of each practice's patients. Finally, to lessen the impact of outliers, large claimants accounting for more than \$100,000 would be excluded.

- **Absolute Cost:** This compares medical PMPM cost for the patients attributed to each practice in the current performance measurement year compared to an average absolute PMPM cost network-wide. There will be different absolute PMPM cost averages for adult and pediatric populations, and practices will be compared to the appropriate average. The same risk adjustment and large claims logic parameters for Cost Trend would apply.

### Reasons for the New Performance Measures

In recent years, many network practices have expressed a preference for a shared savings distribution model that factors performance into distribution calculations. This model was developed to respond to those requests. It is also similar to what many other value-based care organizations offer.

### Next Steps and Support

VHAN is built to convene, collaborate, and innovate in order to benefit the communities we serve. With that in mind, we welcome feedback and ideas for how we can constantly improve this model. We also anticipate that the network will build performance scoring into more areas of clinical operations.

For the 2019 performance year, VHAN staff will provide cost and quality reports at regular intervals to all practices who qualify for this model. These reports will show the quality and cost metrics that each practice is responsible for, as well as how the practice is performing relative to those metrics. Network staff will be available to help practices interpret these reports and form action plans to support success.

The network offers a number of programs that can improve quality and cost performance, such as care management, pharmacy services, and ER utilization tools, and can also provide customized support when needed.

If you have questions about this process, please contact your Regional Medical Director or Cindy Powell, M.D., Senior Vice President of Population Health, at [cynthia.a.powell@vumc.org](mailto:cynthia.a.powell@vumc.org).