

BCBS Plan – Primary Care ACO Value-Based Agreement (VBA)

Effective Date: January 1, 2025

Expiration Date: December 31, 2030

1. Purpose and Scope

This Agreement (“Agreement” or “Contract”) is made by and between **Blue Cross Blue Shield X** (hereafter “BCBS,” “Payer,” or “the Plan”) and **Integrated Primary Care Alliance ACO** (hereafter “ACO,” “Provider,” or “Participant”), collectively referred to as the “Parties.” This Agreement sets forth a 12-month Performance Period arrangement that includes both financial and quality performance components designed to promote improved care and cost-efficiency for an attributed population of BCBS commercial PPO members.

2. Definitions and Acronyms

2.1. ACO (Accountable Care Organization): A group of healthcare providers, primarily PCPs, who collectively assume responsibility for the total cost and quality of care for an aligned population.

2.2. Performance Period: The 12-month period (e.g, January 1, 2025 through December 31, 2025) during which costs and quality performance will be measured. A **3-month claims runoff** (e.g, January 1, 2026 through March 31, 2026) applies for final settlement calculations.

2.3. Attributed Population: The set of BCBS members assigned to the ACO per the methodology in Section 3.1. The ACO is responsible for the total cost and quality outcomes of these members.

2.4. PMPM (Per Member Per Month): A measure of cost or revenue allocation on a monthly per-member basis.

2.5. Risk Adjustment Methodology: The proprietary BCBS approach for adjusting the PMPM target to reflect differences in member health status, demographics, and other factors.

2.6. HEDIS (Healthcare Effectiveness Data and Information Set): A widely used set of standardized performance measures.

2.7. Gain/Loss Position: The final financial outcome resulting from comparing actual PMPM total cost of care to the PMPM target. The ACO shares in any gains or losses at a specified risk-sharing percentage.

3. Member Attribution

3.1. Attribution Methodology

BCBS will use a commonly accepted PCP attribution model. Members are prospectively aligned to the ACO at the beginning of the Performance Period, primarily based on evaluation and management (E/M) visit patterns and PCP selection. Key steps include:

1. **Historical Claims Review:** BCBS identifies members with the plurality of their primary care office visits attributed to ACO-participating PCPs over the preceding 12 months.
2. **Enrollment File Verification:** The final attribution list is cross-validated against active BCBS commercial PPO enrollment.
3. **Quarterly Refresh:** BCBS will update attribution quarterly (April, July, October). Newly attributed members are added if they meet the above criteria during the quarter.

The **final** settlement computation (Section 6) uses all members attributed at any point during the Performance Period. Members who disenroll, move to another plan, or lose coverage are excluded on a pro-rata basis.

4. Risk-Adjusted PMPM Target

4.1. Target Setting

- **Baseline Data:** BCBS calculates a baseline annual PMPM cost using the attributed membership's claims data from the prior 12 months (January–December 2024), trended forward for medical inflation.
- **Risk Adjustment:** BCBS applies a proprietary risk adjustment factor (RAF), which considers demographics (age, gender) and clinical risk (chronic conditions, comorbidities).

Formula: Risk Adjusted PMPM Target = Baseline Performance Year PMPM x Trend Factor x Risk Adjustment Factor (RAF)

4.2. Illustrative Example

- **Baseline PMPM (2024):** \$400
- **Trend Factor:** 5% (projected inflation/utilization)
- **Risk Adjustment Factor:** 1.10 (reflecting a slightly higher acuity population)

Risk Adjusted PMPM Target = \$400 x 1.05 x 1.10 = \$462.00

The final target for 2025 would be **\$462 PMPM**. This figure serves as the benchmark for gain/loss evaluations. The actual final target may vary based on real data and final RAF calculations.

5. Financial Arrangement: 50/50 Upside and Downside Risk

5.1. Shared Savings and Losses

- The ACO and BCBS will **equally share** any cost variance relative to the Risk-Adjusted PMPM Target.
- **Upside Sharing (Savings):** If actual PMPM is below the target, the difference is multiplied by 50% to determine the ACO's share.
- **Downside Sharing (Losses):** If actual PMPM exceeds the target, the ACO is responsible for 50% of the overage.

5.2. Example Calculations

Scenario A: Savings

- **Target:** \$462 PMPM
- **Actual Total Cost of Care:** \$450 PMPM
- **Savings:** \$462 – \$450 = \$12 PMPM
- **ACO Share (50%):** \$12 × 50% = \$6 PMPM (paid to the ACO at final settlement)

Scenario B: Losses

- **Target:** \$462 PMPM
- **Actual Total Cost of Care:** \$470 PMPM
- **Losses:** \$470 – \$462 = \$8 PMPM
- **ACO Share (50%):** \$8 × 50% = \$4 PMPM (owed back to BCBS by the ACO)

5.3. Claims Runout

The final settlement calculation occurs after a **3-month claims runout** (e.g., for Performance Period 1: January 1–March 31, 2026). BCBS will use all runout claims from the Performance Period to finalize the actual PMPM cost.

6. Quality Measures and Tiered Performance Bonuses

6.1. Quality Metric Subset (HEDIS)

The following HEDIS-based measures will be tracked:

Measure Name	Abbreviation	Measure Description
Controlling High Blood Pressure	CBP	The percentage of members 18–85 years of age who had a diagnosis of hypertension (HTN) and whose blood pressure (BP) was adequately controlled (
Persistence of Beta-Blocker Treatment After a Heart Attack	PBH	The percentage of members 18 years of age and older during the measurement year who were hospitalized and discharged from July 1 of the year prior to

		the measurement year to June 30 of the measurement year with a diagnosis of AMI and who received persistent beta-blocker treatment for 180 days (6 months) after discharge.
Glycemic Status Assessment for Patients With Diabetes	GSD	The percentage of members 18–75 years of age with diabetes (types 1 and 2) whose most recent glycemic status (hemoglobin A1c [HbA1c] or glucose management indicator [GMI]) was at the following levels during the measurement year: • Glycemic Status 9.0%. Note: Organizations must use the same data collection method (Administrative or Hybrid) to report these indicators.

Other measures may be monitored, but these three are directly tied to financial performance adjustments.

6.2. Performance Bands

Quality performance will be assessed in aggregate for the attributed population at year-end. Each measure is graded against industry-standard benchmarks and assigned to a performance band.

- **Band 1.0 (Below Expectation: 0% > 65%):** 0% gain-share adjustment
- **Band 2.0 (Meets Expectation: 66% > 85%):** 1% gain-share adjustment
- **Band 3.0 (Exceeds Expectation: 86% > 100%):** 2% gain-share adjustment

6.3. Example of Quality Bonus Impact

Suppose the ACO's overall quality performance places them in **Band 3.0** for GSD. Instead of receiving 50% of upside savings, the ACO receives **52%**. For instance, from Scenario A above:

- **Savings:** \$12 PMPM
- **Base Share:** 50% = \$6 PMPM
- **Quality Bonus:** +2 percentage points → 52% total share
- **Adjusted Share:** \$12 × 52% = \$6.24 PMPM

This bonus only applies to upside savings. Downside liability remains at 50% of overages.

7. Reporting Service Level Agreement (SLA)

To facilitate transparency and proactive management, BCBS agrees to provide the ACO with monthly reports by the 15th of each month:

1. **Pro Forma Financial Report:** Estimates of actual vs. target PMPM costs, including partial claims data for the month in question.
2. **Quality Metrics & Gaps Report:** Overview of current quality performance, highlighting care gaps for breast cancer screening, diabetes control, and preventive visits.
3. **Attributed Members File:** Updated roster of attributed members, noting new alignments, terminations, and status changes.
4. **Raw Claims File:** Claims-level data feed that shows all adjudicated claims for the ACO's attributed population, allowing the ACO to reconcile and perform internal analytics.

BCBS will use standard secure file transfer protocols. The ACO must notify BCBS of any data discrepancies within 30 business days of receiving the files.

8. Final Settlement Process

8.1. Timeline

- **Monthly Interim Reporting:** Provided as SLA in Section 7.
- **Claims Runout Period:** 3 months (e.g., January 1–March 31, 2026).
- **Preliminary Reconciliation:** Conducted in April.
- **Final Settlement:** Issued by June 30 following the performance year, incorporating validated claims and quality performance data.

8.2. Payment and Recoupment

- If net savings > 0, BCBS issues payment to the ACO for its share (including any quality bonus).
- If net losses > 0, the ACO must remit payment to BCBS within 60 days of final settlement notice.
- Any disputes regarding calculation must be formally submitted within 60 days of receiving the final reconciliation statement.

9. Dispute Resolution and Audit

9.1. Dispute Process

- The ACO may submit a dispute in writing to BCBS within 60 days of final settlement issuance.
- BCBS shall investigate and respond within 45 days.
- Unresolved disputes may proceed to binding arbitration in accordance with state law.

9.2. Audit Rights

- BCBS reserves the right to audit the ACO's records related to attributed members, clinical data, or financial records to ensure compliance and accuracy.

- ACO must provide requested documentation within 15 business days of an audit request.

10. Amendments and Termination

10.1. Amendments

Any amendments must be agreed upon in writing and approved by both Parties. Adjustments to the risk arrangement or quality metrics mid-year are generally not permitted.

10.2. Termination

Either party may terminate this Agreement with 60 days' written notice if the other party materially breaches the terms. If termination occurs mid-year, final reconciliation will be calculated through the termination date plus runout.

11. Signatures

Blue Cross Blue Shield X

Name: _____

Title: _____

Date: _____

Integrated Primary Care Alliance ACO

Name: _____

Title: _____

Date: _____

Appendix:

Detailed Example Calculations

A. Full Example Combining Quality Bonus

- **Target PMPM:** \$462 (risk-adjusted)
- **Actual PMPM:** \$448
- **Savings:** \$14 PMPM
- **Base Risk Split:** 50/50
- **Base ACO Upside:** $\$14 \times 50\% = \7 PMPM
- **Quality Performance:** Overall Band 3.0 across all 3 measures, yields a +2% x 3 measures boost (so total share = 56%)
- **Adjusted ACO Upside:** $\$14 \times 56\% = \7.84 PMPM

B. Integrated Settlement Timeline

- **Month-by-Month:** BCBS sends monthly pro forma.
- **Quarterly:** Attribution updates and partial recalculations.
- **Final 3-Month Runout:** More complete claims data emerges.
- **End of Q2 2026:** Payment or repayment based on final net results.

Example Pro Forma Settlement Report (PY2025) – All figures are illustrative and not reflective of actual claims.)

1. Performance Period Summary

Item	Value
Performance Period	Jan 1, 2025 – Dec 31, 2025
Claims Runout	Jan 1, 2026 – Mar 31, 2026
Reporting Month	December 2025 (Pro Forma)
Total Attributed Members	5,000
Total Member-Months	60,000 (5,000 × 12 mos.)

2. Financial Calculations

Step	Description	Formula / Calculation	Result
2.1	Risk-Adjusted PMPM Target	Baseline PMPM (\$400) × Trend (1.05) × RAF (1.10)	\$462.00
2.2	Actual Total Cost of Care (TCOC) PMPM	(Sum of all claims paid / Member-Months)	\$450.00
2.3	Variance (Savings/Losses) PMPM	\$462.00 – \$450.00	\$12.00 <i>savings</i>

2.4	Base ACO Share (50% of Variance)	$\$12.00 \times 50\%$	\$6.00 PMPM
2.5	Quality Band	Band 3.0 (best performance)	+2% to Upside
2.6	Adjusted ACO Share (including Quality Bonus)	$\$12.00 \times (50\% + 2\%) = \$12 \times 52\%$	\$6.24 PMPM
2.7	Annualized ACO Gain	$\$6.24 \text{ PMPM} \times 60,000 \text{ member-months}$	\$374,400

Interpretation:

1. **Risk-Adjusted Target (Step 2.1):** The contractually agreed upon benchmark is \$462 PMPM after baseline, trend, and risk factors.
2. **Actual TCOC PMPM (Step 2.2):** The ACO maintained spending at \$450 PMPM.
3. **Savings vs. Target (Step 2.3):** \$12 PMPM in savings below the target.
4. **Risk Split (Step 2.4):** Because the contract splits savings 50/50, the base ACO share is \$6 PMPM.
5. **Quality Bonus (Step 2.5–2.6):** Achieving Band 3.0 for selected HEDIS measures adds +2% to the ACO's upside share, bringing the ACO's total share to 52%. That yields \$6.24 PMPM.
6. **Annualized Gain (Step 2.7):** Applying \$6.24 PMPM across 60,000 member-months results in \$374,400 in total projected savings payout to the ACO.

3. Quality Measure Snapshot

Measure	Performance Rate	Band	Bonus %
CBP	82%	3.0	+2%
PBH	78%	2.0	+1%
GSD	80%	3.0	+2%