

# Model Contract Language **Standardized Plan ACO Reporting for Customers (SPARC)**

**PURPOSE**

Employer-purchaser customers (“Company”) should use the Model Contract Language with a health plan (“Administrator”) that has Accountable Care Organization (ACO) agreements in place. The Model Contract Language outlines the Company’s expectations of the Administrator’s ACO arrangements and reporting of results.

Disclaimer: This Agreement is provided for information purposes only. Before Company makes any decisions as to whether to use this Agreement in whole or in part and to understand the legal implications of doing so, Company should consult with a qualified legal professional for specific legal advice tailored to its situation.

This Agreement is made and entered into this [DAY] day of [MONTH], [YEAR], by and between [HEALTH PLAN NAME], hereinafter called “Administrator” and [EMPLOYER-PURCHASER NAME], hereinafter called “Company.”

1. **DEFINITIONS**

“Accountable care organization” or “ACO” is a provider organization that delivers integrated care in a manner that meets the criteria described in this Agreement.

“Administrator” provides health plan administration services for Company and contracts with the ACO, for the purposes of this Agreement.

“Company” sponsors a group health plan and contracts with “Administrator” for specified benefit coverage.

“Current Period” refers to the most recent 12-month period for which claims and other reporting data are available.

“Participant” refers to the Company’s employees, dependents, and retirees who are eligible to receive their health benefits under the Plan.

“Prior Period” refers to the prior 12-month period of claims and data reported to the Company.

“Provider” refers to primary care and specialty physicians, hospitals and outpatient and ancillary facilities.

1. **INTRODUCTION.** This Agreement outlines the expectations of Company regarding Administrator’s ACO arrangements and reporting. By using this Agreement, Company seeks to align with other purchaser-customers and enhance the insights purchaser-customers have into the success of Administrator’s ACO arrangements as well as to accelerate the improvement in the quality and cost of care for Participants seeking care from Administrator’s contracted ACOs.
   1. **Primary Objectives**.
      1. Administrator’s ACO arrangements shall be designed to achieve these primary objectives:
         1. Improve health outcomes and the quality of care for Participants;
         2. Improve affordability and contain costs; and,
         3. Improve patient experience.
      2. Administrator shall provide Company with standard, timely reports of ACO performance that reflect the following:
         1. Performance on the measures listed in the Standard Plan ACO Report provided by Company; and
         2. Performance on performance guarantees specified by Company.
   2. **Principles and Requirements**. To achieve these Primary Objectives, Administrator shall uphold and meet the principles and requirements laid out in **III. ACO Expectations** and **IV. Reporting Expectations**.
2. **ACO EXPECTATIONS.** The following requirements outline Company’s expectations for Administrator’s contracted ACOs.
   1. **High-Performance Network**. Administrator’s contracted ACOs provide adequate access through their defined provider networks and are high performers.
      1. Administrator shall ensure that the ACO provides adequate access by:
         1. Providing emergent care;
         2. Providing same-day appointments for routine and urgent services for both medical and behavioral health;
         3. Providing non-urgent and urgent appointments outside of regular business hours (e.g., before 9am and after 5pm);
         4. Providing alternative clinical encounters (e.g., telehealth, onsite/near-site clinics); and,
         5. Identifying and acting on opportunities to improve access.
      2. Administrator shall ensure that ACOs are high-performance by selecting providers to participate in the ACO based on criteria for:
         1. Quality performance;
         2. Utilization; and,
         3. Cost.
      3. If Administrator has contracted ACOs that no longer meet established quality and cost criteria, Administrator shall help them improve performance or terminate the ACO arrangement with those providers.
   2. **Care Coordination.** Administrator shall require its contracted ACOs to coordinate care for the attributed or assigned Participants or provide care coordination services itself. Administrator or its contracted ACO shall have a systematic process for identifying and engaging Participants who may benefit from care coordination.
   3. **Quality Measurement.** Administrator shall use, to the best of its abilities, the quality and efficiency measures listed in the Standard Plan ACO Report, including patient experience of care measures, to assess the performance of its ACOs. If ACO providers continue to perform poorly on the identified quality measures within a specified period of time, Administrator shall have protocols in place to help them improve performance.

If Administrator has contracted ACOs that do not improve their performance, Administrator shall terminate the ACO arrangement—if and only if the removal of such providers does not lead to access issues in each geography as defined by Administrator in consultation with Company.

* 1. **Payment.** Administrator shall implement payment and contracting strategies that promote value by incentivizing contracted ACOs to offer high quality care, at a reasonable cost. Such strategies include, but are not limited to:
     1. *Pay for appropriate services that were not previously covered*. In non-capitated arrangements, Administrator shall pay ACO providers to encourage the delivery of appropriate services that were not previously covered, such as care coordination and telehealth.
     2. *Pay appropriate relative amounts for services*. In non-capitated arrangements, Administrator shall adjust the underlying fee schedule to establish relative amounts that encourage providers to deliver appropriate care.
     3. *Balance payment between primary and specialty care*. Administrator shall implement payment strategies that increase and prioritize payment for primary care services, such as payment for care coordination, as well as strategies to reduce payment differentials between primary and specialty care.
     4. *Pay according to performance*. Administrator shall evaluate and implement payment approaches that differentiate providers that meet or exceed quality standards. Payments to effective providers should reflect their performance.
     5. *Use payment methods that put providers at financial risk*. Administrator shall encourage ACO providers to accept financial responsibility and risk for patients’ care over a specified period of time. In such arrangements, providers are financially liable for not meeting specified cost and quality targets.
     6. *Use payments that encourage adherence to clinical guidelines*. Administrator shall evaluate and implement approaches to payment that encourage adherence to clinical guidelines in the delivery of health care services.

Administrator shall encourage its contracted ACOs to reduce overall spending and meet established targets. If ACO providers continue to perform poorly on the identified cost metrics within a specified period of time, Administrator shall have protocols in place to help such ACOs improve performance.

If Administrator has contracted ACOs that do not improve their performance, Administrator shall terminate the ACO arrangement—if and only if the removal of such providers does not lead to access issues in each geography as defined by the Administrator in consultation with the Company.

* 1. **Transparency.** Administrator acknowledges that transparency on quality and costs is critical for Company, Participants, and providers within its contracted ACOs. Thus, Administrator agrees to:
     1. Provide information to Participants on:
        1. Individual provider’s quality performance; and,
        2. The price of services of providers participating in the ACO, including customized Participant cost-sharing amounts.
     2. Provide information to providers on:
        1. Individual provider’s quality performance;
        2. The relative price/price bands of other providers participating in the ACO; and
        3. The quality performance of other providers participating in the ACO to facilitate high-value referrals.
  2. **Maintaining Market Competition**. Administrator shall ensure that its contracted ACOs and the ACOs’ contracted providers do not engage in the following actions:
     1. Withholding quality and cost data from statewide or regional public performance reporting initiatives;
     2. Requiring exclusive contracts with physician groups, hospitals and ambulatory surgery centers (ASC) such that they are precluded from entering into contracts with other ACOs or commercial payers;
     3. Instituting non-disclosure provisions that prohibit ACOs or commercial payers from disclosing quality, utilization, price and cost data and information to their Participants or Company; and,
     4. Instituting non-disclosure provisions that prohibit use of their claims in a multi- or all-payer claims databases that is a designated Centers for Medicare and Medicaid Services Qualified Entity.
  3. **Network and benefit design strategies.** Administrator shall help Company develop and introduce new benefit designs and/or incentives, as well as communication strategies, that encourage Participants to become active shoppers, helping them identify the highest-value services and providers in the ACO. These steps include:
     1. *Analyzing price, cost and quality data*. On an annual basis, Administrator shall conduct an analysis of price variation among the providers within the contracted ACOs. Administrator shall share information with Company indicating those procedures or services with the widest variation and greatest cost savings opportunities through benefit design strategies.
     2. *Supporting benefit designs that shift Participants to high-value services and providers.* Administrator shall support Company in implementing benefit designs that encourage Participants to seek high-value services or care from high-value providers.

**REPORTING EXPECTATIONS.** Administrator shall fill out all components of the Standard Plan ACO Report and provide it to Company on a [bi-annual/annual] basis. In addition, Administrator shall report performance guarantee metrics to Company as specified for each metric.