Policy Number & Title:	04-11-PY22 Hospital Fixed Payment PY 2022
Responsible Department:	Finance
Author:	Derek Raynes, Director, Payment Reform
Original Implementation Date:	January 1, 2019
Revision Effective Date:	January 1, 2022

I. Purpose: To define the methodology OneCare uses to calculate and adjust Hospital Fixed Payments.

II. Scope: Applicable to all OneCare Vermont ("OneCare") Network hospitals participating in ACO Programs with a Hospital Fixed Payment ("hospital Participants").

III. Definitions: Capitalized terms have the same definition as defined in OneCare's *Policy and Procedure Glossary*. For the purposes of this Policy, the terms below have the following meanings:

Hospital Fixed Payment means the monthly prospective payment(s) OneCare makes to each hospital Participant for rendering healthcare services included in ACO Programs to Attributed Lives for the ACO Program(s) in lieu of fee-for-service reimbursement.

"Zero-Paid" or "Shadow" Claims refers to claims submitted by Providers participating in ACO Programs offering Fixed Payments in lieu of fee-for-service reimbursement. Payer(s) do not reimburse, or "pay", these claims; instead they use the claims data is used for analytical purposes such as monitoring performance and administrative tracking of healthcare services, among other things.

IV. Policy:

Where ACO Programs offer Hospital Fixed Payments, hospital Participants are obligated to accept those Hospital Fixed Payments as follows:

For public payer ACO Programs (Medicare and Medicaid):

Where public payer ACO Programs offer Hospital Fixed Payments, hospital Participants must accept those Hospital Fixed Payments, with the exception of Critical Access Hospitals, which have the option to decline to participate in the Medicare Program for reconciled Hospital Fixed Payments, and to continue to receive reimbursement on a fee-for-service basis.

For commercial payer ACO Programs (BCBSVT and MVP):

Where commercial payer ACO Programs offer Hospital Fixed Payments that do not require reconciliation to the fee-for-service equivalent value of the claims billed, hospital Participants must accept those Hospital Fixed Payments. Where commercial payer ACO Programs offer Hospital Fixed Payments that do require reconciliation to the fee-for-service equivalent value of the claims billed, hospital Participants have the option to decline to participate in those Hospital Fixed Payment Programs.

A. **Hospital Fixed Payment** - OneCare calculates Hospital Fixed Payments for each hospital Participant in the following manner:

1. By evaluating the historical Zero-Paid Claims data generated by each hospital Participant for care delivered to the Attributed Lives during the prior Performance Year(s) ("historical data").

2. Adjusting that historical data to align with the best estimate of the monthly average of Zero-Paid Claims that will be generated by that hospital in the ACO Program during the current Performance Year.

B. **Adjustments** - OneCare may make further prospective adjustments to a Hospital Fixed Payment for the following reasons related to programmatic fluctuations:

1. Changes in Attribution;

2. Changes in the amount of the monthly fixed payment an ACO Program's Payer makes to OneCare; or

3. Hospital Fixed Payments that are Reconciled: OneCare compares total year-to-date reimbursement and Hospital Fixed Payments paid to each hospital with the fee-for-service equivalent value of their Zero-Paid Claims on a regular basis, and makes periodic adjustments to each hospital Participant's Hospital Fixed Payments in an effort to minimize the projected impact of reconciliation at the end of the Performance Year.

C. **Material Change in Circumstances** - In the event a hospital Participant reports a material change in circumstances that impacts its Hospital Fixed Payment, such as a significant increase or decrease in service volume or a change in service offerings, the Finance Committee will review the material change in circumstances and recommend an appropriate course of action to the Board, which will make any necessary adjustments to the Hospital Fixed Payments.

D. **Other Exceptions** – The Board may grant an exception from the terms and requirements of this Policy based on the unique circumstances of the hospital Participant making the request, and for other good cause, at its discretion.

V. Review Process: This policy shall be reviewed annually and updated to be consistent with requirements set forth by the OneCare Board of Managers, OneCare Leadership and regulatory bodies.

VI. References:

- OneCare's ACO Program Agreement with Medicare
- OneCare's ACO Program Agreement with DVHA
- OneCare's ACO Program with Blue Cross Blue Shield of Vermont (QHP Only)
- OneCare's Policy and Procedure Glossary

VII. Related Policies/Procedures:

- 05-02 Participant and Preferred Provider Appeals Policy
- 04-07-PY22 Program Settlement PY 2022 Policy
- F04-05 VMNG Fixed Prospective Payment Distribution Procedure

Location on Shared Drive: S:\Groups\Managed Care Ops\OneCare Vermont\Policy and Procedures

Management Approval:

Derek S. Raynes — June 23, 2021

Director, Payment Reform — Date

6/28/2021

Vice President, Finance — Date

Sara E Barry — 06/29/2021

Chief Operating Officer — Date

Board of Managers Approval:

John Brumsted — 6/30/2021

Chair, OneCare Vermont Board of Managers — Date