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| **Policy Number & Title:** | 04-10-PY22 Participation Fees 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 used to calculate Participation Fees paid to OneCare Vermont ("OneCare") by hospital Participants.

**II. Scope:** Applicable to all hospitals participating in an ACO Program.

**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:

Budgeted Expenditures means all expenditures approved by the Board in OneCare's Budget for a fiscal year (1/1 to 12/31), which may include administrative costs, Population Health Management and Care Coordination payments, pilot payment programs, contributions to reserves, and funding of the Value Based Incentive Fund ("VBIF").

Participation Fee (also commonly referred to as "Dues") means an annual financial contribution paid to OneCare by hospital Participants to fund OneCare's Budgeted Expenditures that are in excess of revenues.

**IV. Policy:** OneCare requires all hospital Participants pay a Participation Fee as a condition of participation in ACO Programs. OneCare will charge each hospital Participant's monthly Participation Fee alongside other payments made to the hospital Participant (ex. fixed payments, program payments). If Participation Fees exceed the total amount of scheduled payments to the hospital Participant, OneCare will invoice for dues separately. The hospital Participant must pay within thirty (30) days to remain in good standing with OneCare.

A. **Calculation of Participation Fees:** Participation Fees are calculated for each hospital Participant prior to the start of a Performance Year in the following manner:

1. The gross aggregate total of Participation Fees for all hospital Participants for the fiscal year is calculated by subtracting OneCare's projected revenues and required adjustments to reserves from its Budgeted Expenditures.

2. For purposes of this calculation, monies from ACO Program settlement funds designated for funding certain programs or Budgeted Expenditure(s), such as the Vermont Blueprint for Health, are not treated as revenue.

3. The net aggregate total of Participation Fees for the Performance Year is calculated by subtracting all projected annual payments to hospital Participants for Population Health Management, Care Coordination, and VBIF funding from the gross aggregate total of Participation Fees, in order to prevent inequitable allocation of Participation Fees resulting from differences in hospital ownership of primary care practices.

4. The net aggregate total of Participation Fees is then allocated among hospital Participants as follows:

i. The net aggregate total of Participation Fees is allocated proportionally among the hospital Participants based on Net Patient Service Revenue, per the most recent Net Patient Service Revenue budget figures approved by the Green Mountain Care Board.

ii. Participation Fees for Critical Access Hospitals ("CAH") are then reduced by 50%. The aggregate reduction to CAH Participation Fees is then re-allocated proportionally to the non-CAHs according to Net Patient Service Revenue determined as in step 4.i. above.

iii. The annual payments for Population Health Management, Care Coordination, and VBIF incentives projected for each individual hospital Participant are then added to each hospital Participant's adjusted, proportional share to arrive at its Participation Fee.

iv. If a hospital Participant wishes to pay Participation Fees in excess of their proportional share, the resulting reduction in Aggregate Participation Fees will be re-allocated to all other hospital Participants according to Net Patient Service Revenue determined as in step 4.i. above.

B. **Adjustments to Participation Fees:** If there are any material variances between actual expenses and Budgeted Expenditures, or actual or reasonably expected OneCare revenues, the change(s) will be brought to the Finance Committee and the Board of Managers for review. Decisions made by the Board of Managers may result in a recalculation and reconciliation of dues which may include credits and/or additional contributions.

C. It is expected that variation between actual expenses and Budgeted Expenditures will occur in the normal course of business, which may result in unintended, but substantial excess revenue to the organization. If this type of normal variation results in excess revenue totaling $1M or more, management will provide analysis to the Finance Committee and Board of Managers, who may, at their discretion, issue credits to the Participation Fees-paying hospitals on record during the fiscal year in which the excess revenue was realized, effectively returning excess funds.

D. If OneCare is expected to conclude the fiscal year with a loss, management will provide analysis to the Finance Committee and Board of Managers, who may, at their discretion, revise the Participation Fee calculation and subsequent allocations.

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

**VI. References:**

- OneCare's Policy and Procedure Glossary
- OneCare's Risk Bearing Participant and Preferred Provider Agreement

**VII. Related Policies/Procedures:**

- 05-02 Participant and Preferred Provider Appeals Policy
- F04-06 Accounts Payable for OneCare Vermont 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