

Policy Number & Title:	04-11-PY23 Hospital Fixed Payments PY 2023
Responsible Department:	Finance
Author:	Derek Raynes, Director, Payment Reform
Original Implementation Date:	January 1, 2019
Revision Effective Date:	January 1, 2023

- I. **Purpose:** To describe the methodology for calculating and adjusting Hospital Fixed Payments to hospital Participants.
- II. **Scope:** This policy is applicable to the OneCare Vermont (“OneCare”) Workforce, Board of Managers, Committees, and Network hospitals participating in ACO Programs offering Hospital Fixed Payments (“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 fixed payment(s) OneCare pays to Hospital Participants in lieu of fee-for-service reimbursement for delivering healthcare services included in ACO Programs to Attributed Lives.

Reconciled Hospital Fixed Payment means a Hospital Fixed Payment that is reconciled to the fee-for-service equivalent value of the Shadow Claims submitted during the Performance Year, under the terms and conditions of the relevant ACO Program Agreement.

Unreconciled Hospital Fixed Payment means a Hospital Fixed Payment that is not reconciled to the fee-for-service equivalent value of the Shadow Claims submitted during the Performance Year, under the terms and conditions of the relevant ACO Program Agreement. There may be other reconciling activity in accordance with this policy.

Zero-Paid Claims or Shadow Claims refers to claims submitted by Hospital Participants for healthcare services rendered to Attributed Lives that Payer(s) do not reimburse (zero-pay), in lieu of receiving Hospital Fixed Payments as reimbursement. Payers provide OneCare with data included in these claims for analytical purposes such as monitoring and administratively tracking the provision of healthcare services provided under ACO Programs.

IV. **Policy:**

A. Obligation to Accept Hospital Fixed Payments: Hospital Participants are obligated to accept Hospital Fixed Payments as follows:

- i. Hospital Participants must accept Unreconciled Hospital Fixed Payments offered under ACO Programs for which the government is the Payer. Hospital Participants may decline Reconciled Hospital Fixed Payments offered under ACO Programs for which the government is the Payer and continue receiving fee-for-service reimbursement from those government Payers.
- ii. Where commercial ACO Programs (BCBSVT and MVP) offer Hospital Fixed Payments, the nature of the Hospital Fixed Payment model (ex. whether or not it is reconciled) will be reviewed by the Finance Committee and Board of Managers (“Board”), who will determine the expectation of Hospital Participants to accept the Hospital Fixed Payment.

B. Calculation of Hospital Fixed Payments: OneCare calculates Hospital Fixed Payments for each Hospital Participant according to the following process and guidelines:

- i. OneCare evaluates the available funding, BOM-approved budget design, Shadow Claims data for the prior Performance Year of each Hospital Participant for each ACO Program it participates in, and any other pertinent data. (“Historical Data”).
- ii. Based on the aforementioned data, historical performance data, risk scores, and/or utilization trends, for example, OneCare calculates the Hospital Fixed Payment for each Hospital Participant with the intention of reimbursing their appropriate share of the Expected Total Cost of Care for each ACO Program for the Performance Year.
- iii. Each Hospital Participant’s Hospital Fixed Payment amount will be reviewed by the Finance Committee during or following Q1 to assess appropriateness of the payments in the context of this policy.

C. Adjustments to Hospital Fixed Payments: OneCare **may** adjust the amount of a Hospital Participant’s Hospital Fixed Payment during the Performance Year for the following reasons relating to programmatic fluctuations:

- i. Changes in Attribution;
- ii. Changes in the amount of the monthly fixed payment made to OneCare by an ACO Program’s Payer; or
- iii. For Reconciled Hospital Fixed Payments only, in an effort to minimize the projected amount a Hospital Participant may owe back to a Payer when its Reconciled Hospital Fixed Payments are reconciled at the end of the Performance Year.
- iv. The Finance Committee can recommend changes to the Board, who can approve adjustments pursuant to its Q1 review or any subsequent review, of Hospital Fixed Payments.

D. Material Changes in Circumstances Requiring Board of Managers Approval: In the event a Hospital Participant reports a material change in circumstances relative to the basis for calculating its Hospital Fixed Payment(s) for an ACO Program(s), such as a significant increase or decrease in service volume or a change in service offerings, the Finance Committee will review evidence relating to the claimed material change in circumstances and recommend an appropriate course of action to the Board of Managers. The Board may then elect to adjust the amount of the Hospital Participant’s Hospital Fixed Payment to account for the change, at its discretion. The Board may also use its discretion to grant a Hospital Participant’s request for an exception to any of the requirements set forth in this policy to address other unique or adverse circumstances it may be facing, or for other good cause.

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:

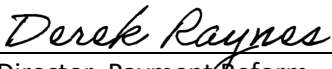
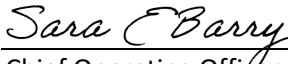
- OneCare Risk Bearing Participant and Preferred Provider Agreement
 - Exhibit A Performance Year 2023 Program of Payment
- OneCare ACO Program Agreement with CMS (Medicare ACO Program)
- OneCare ACO Program Agreement with Department of Vermont Health Access (Medicaid ACO Program)
- OneCare ACO Program Agreement with Blue Cross Blue Shield of Vermont (Qualified Health Plan only)
- OneCare ACO Program Agreement with MVP

- OneCare Policy and Procedure Glossary

VII. Related Policies/Procedures:

- 05-02 Participant and Preferred Provider Appeals Policy
- 04-07-PY23 Program Settlement PY 2023 Policy
- F04-05 VMNG Fixed Prospective Payment Distribution Procedure

Management Approval:

 _____ Director, Payment Reform	July 24, 2022 _____ Date
 _____ Vice President, Finance	8/15/2022 _____ Date
 _____ Chief Operating Officer	08/15/2022 _____ Date